

CASE

NUMBER:

99-093

INDEX FOR CASE: 99-093 ✓
WOODLAWN, OAKDALE AND HUSBANDS ROAD WATER DISTRICT
Transfer/Sale/Purchase/Merger
TO PADUCAH-MCCRACKEN COUNTY JOINT SEWER AGENCY

IN THE MATTER OF THE JOINT PETITION TO APPROVE TRANSFER OF
OWNERSHIP AND CONTROL OF WOODLAWN, OAKDALE, HUSBANDS ROAD
WATER DISTRICT (SEWER SYSTEM) TO PADUCAH-MCCRACKEN COUNTY
JOINT SEWER AGENCY

SEQ NBR	ENTRY DATE	REMARKS
0001	03/15/99	Application.
0002	03/17/99	Acknowledgement letter.
0003	03/22/99	No deficiencies letter
0004	05/11/99	Final Order approving the proposed transfer.

07/29/1999 Paducah - McCracken County Joint Sewer Agency



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 99-093
WOODLAWN, OAKDALE AND HUSBANDS ROAD WATER DISTRICT

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on May 11, 1999.

Parties of Record:

Honorable W. David Denton
Attorney at Law
Denton & Keuler
P. O. Box 929
Paducah, KY. 42002 0929

Stephanie Bell

Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT PETITION TO APPROVE TRANSFER)
OF OWNERSHIP AND CONTROL OF WOODLAWN,)
OAKDALE, HUSBANDS ROAD WATER DISTRICT) CASE NO. 99-093
(SEWER SYSTEM) TO PADUCAH-MCCRACKEN)
COUNTY JOINT SEWER AGENCY)

O R D E R

On March 15, 1999, a joint petition was filed to approve the transfer of ownership and control of Woodlawn, Oakdale, and Husbands Road Water District (Sewer System) to the Paducah-McCracken County Joint Sewer Agency.

Having reviewed the application and the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. The above-referenced transferors are utilities as defined by KRS 278.010.
2. The Paducah-McCracken Joint Sewer Agency was formed in 1998 pursuant to KRS 76.231 for the purpose of managing, controlling and operating regional, comprehensive wastewater treatment plants within the city of Paducah, Kentucky and the county of McCracken, Kentucky.
3. Said utilities serve the general public.
4. In view of its financial assets, the Paducah-McCracken County Joint Sewer Agency appears to have sufficient financial integrity to ensure the continuity of the subject utility service to the public and also appears to have the requisite technical and managerial abilities to provide a continuing utility service to the customers of Woodlawn, Oakdale, and Husbands Road Water District.

IT IS THEREFORE ORDERED that:

1. The proposed transfer be and it is hereby approved.
2. The Paducah-McCracken County Joint Sewer Agency shall within 30 days of closing file evidence with this Commission that the transfer of all sewer system assets has been accomplished, that any and all long-term debt, current and accrued liabilities of the sewer system shall have been either assumed, refinanced, or paid off.

Done at Frankfort, Kentucky, this 11th day of May, 1999.

By the Commission.

ATTEST:


Executive Director

DENTON & KEULER

ATTORNEYS AT LAW

POST OFFICE BOX 929

PADUCAH, KENTUCKY 42002-0929

TELEPHONE: (502) 443-8253

FACSIMILE: (502) 442-6000

REAL ESTATE FACSIMILE (502) 442-6034

e-mail: dk@dklaw.com

STREET ADDRESS:

PADUCAH BANK BUILDING SUITE 301

555 JEFFERSON STREET

PADUCAH, KENTUCKY 42001

W. DAVID DENTON
THOMAS J. KEULER
WILLIAM E. PINKSTON
LISA H. EMMONS
DAVID L. KELLY
THEODORE S. HUTCHINS*
GLENN D. DENTON*
STACEY A. BLANKENSHIP
JOANNE M. TALBOTT
SAMUEL CARLICK
OF COUNSEL

*Also Licensed To Practice In Illinois

July 28, 1999

MS HELEN HELTON
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
FRANKFORT KY 40602

JUL 29 1999

Re: Order Approving Transfer of Ownership and Control of Woodlawn, Oakdale, Husbands Road Water District (Sewer System) to Paducah-McCracken County Joint Sewer Agency Case No.: 99-093

Dear Ms. Helton:

Pursuant to the order issued by the Public Service Commission dated May 11, 1999, enclosed please find evidence that the transfer of all Woodlawn Sewer System assets has been accomplished and that all liabilities of the Woodlawn Sewer System have been assumed by the Paducah-McCracken County Joint Sewer Agency.

If you have any questions or need any additional information, please do not hesitate to call.

Sincerely yours,



W. David Denton

Enclosures

cc: Mr. Bob Game

dm:3711

**RESOLUTION OF WOODLAWN, OAKDALE AND
HUSBANDS ROAD WATER DISTRICT (SEWER SYSTEM)**

Comes now Woodlawn, Oakdale, and Husbands Road Water District (Sewer System), and by and through its Board of Directors, hereby adopts the following resolutions at its regular monthly meeting held on June 8, 1999.

WHEREAS, identical ordinances were passed by the City of Paducah and the McCracken County Fiscal Court on August 25, 1998 and September 14, 1998, respectively; and

WHEREAS, such ordinances established the Paducah-McCracken County Joint Sewer Agency ("JSA"); and

WHEREAS, such ordinances call for Woodlawn, Oakdale and Husbands Road Water District (Sewer System) to merge into the JSA; and

WHEREAS, the JSA Board of Directors has set a target start date of July 1, 1999 as the date the JSA will begin operating; and

WHEREAS, in accordance with the foregoing ordinances, it is the consensus of all directors of Woodlawn, Oakdale and Husbands Road Water District (Sewer System) that as of July 1, 1999, all assets and liabilities of Woodlawn, Oakdale and Husbands Road Water District (Sewer System) shall be assigned to and assumed by the JSA and the JSA shall also be responsible for any and all requirements, responsibilities and obligations associated with the day to day operations of Woodlawn, Oakdale and Husbands Road Water District (Sewer System).

NOW, THEREFORE, Woodlawn, Oakdale and Husbands Road Water District (Sewer System) does adopt the following resolutions:

BE IT RESOLVED, that beginning July 1, 1999, or at such date thereafter upon which the JSA commences operations, all assets and liabilities of Woodlawn, Oakdale and Husbands Road Water District (Sewer System) shall be assigned to and assumed by the Paducah-McCracken County Joint Sewer Agency.

BE IT FURTHER RESOLVED, that beginning July 1, 1999, or at such date thereafter upon which the JSA commences operations, all requirements, responsibilities and obligations associated with the day to day operations of Woodlawn, Oakdale and Husbands Road Water District (Sewer System), including but not limited to, all employee matters, accounts payable and accounts receivable, shall be assigned to and assumed by the Paducah-McCracken County Joint Sewer Agency.

This resolution enacted by the directors of Woodlawn, Oakdale and Husbands Road Water District (Sewer System), on this 8th day of June, 1999.


PALMER EDWARDS, CHAIRMAN



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

March 22, 1999

Honorable W. David Denton
Attorney at Law
Denton & Keuler
P. O. Box 929
Paducah, KY. 42002 0929

RE: Case No. 99-093
WOODLAWN, OAKDALE AND HUSBANDS ROAD WATER DISTRICT

The Commission staff has reviewed your application in the above case and finds that it meets the minimum filing requirements. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

DENTON & KEULER

ATTORNEYS AT LAW

POST OFFICE BOX 929

PADUCAH, KENTUCKY 42002-0929

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STREET ADDRESS:

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PADUCAH, KENTUCKY 42001

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STACEY A. BLANKENSHIP
JOANNE M. TALBOTT
SAMUEL CARLICK
OF COUNSEL

*Also Licensed To Practice In Illinois

March 12, 1999

FILED

MAR 15 1999

PUBLIC SERVICE
COMMISSION

RECEIVED

MAR 15 1999

PUBLIC
SERVICE
COMMISSION

MS HELEN HELTON
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
FRANKFORT KY 40602

Case No. 99-093

Re: **Joint Petition: Paducah-McCracken County Joint Sewer Agency and
Woodlawn, Oakdale, Husbands Road Water District (Sewer System)**

Dear Ms. Helton:

Enclosed please find eleven copies of a Joint Petition to approve the transfer of ownership and control of the Woodlawn, Oakdale, Husbands Road Water District (Sewer System) to the Paducah-McCracken County Joint Sewer Agency.

The Public Service Commission has jurisdiction over this matter pursuant to KRS 278.015 and KRS 278.020(4). Pursuant to KRS 278.020(5), the PSC shall render a decision regarding this Petition within sixty (60) days after filing.

If you have any questions or need any additional information, please do not hesitate to call.

Sincerely yours,

W. David Denton

Enclosures

cc: Mr. Billy Harper

dm:46634



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

March 17, 1999

Honorable W. David Denton
Attorney at Law
Denton & Keuler
P. O. Box 929
Paducah, KY. 42002 0929

RE: Case No. 99-093
WOODLAWN, OAKDALE AND HUSBANDS ROAD WATER DISTRICT
(Transfer/Sale/Purchase/Merger) TO PADUCAH-MCCRACKEN COUNTY

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received March 15, 1999 and has been assigned Case No. 99-093. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/jc

DENTON & KEULER

ATTORNEYS AT LAW

POST OFFICE BOX 929

PADUCAH, KENTUCKY 42002-0929

TELEPHONE: (502) 443-8253

FACSIMILE: (502) 442-6000

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PADUCAH, KENTUCKY 42001

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JOANNE M. TALBOTT
SAMUEL CARLICK
OF COUNSEL

*Also Licensed To Practice In Illinois

March 12, 1999

FILED

MAR 15 1999

PUBLIC SERVICE
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RECEIVED

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PUBLIC SERVICE
COMMISSION

MS HELEN HELTON
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
FRANKFORT KY 40602

Case No. 99-093

**Re: Joint Petition: Paducah-McCracken County Joint Sewer Agency and
Woodlawn, Oakdale, Husbands Road Water District (Sewer System)**

Dear Ms. Helton:

Enclosed please find eleven copies of a Joint Petition to approve the transfer of ownership and control of the Woodlawn, Oakdale, Husbands Road Water District (Sewer System) to the Paducah-McCracken County Joint Sewer Agency.

The Public Service Commission has jurisdiction over this matter pursuant to KRS 278.015 and KRS 278.020(4). Pursuant to KRS 278.020(5), the PSC shall render a decision regarding this Petition within sixty (60) days after filing.

If you have any questions or need any additional information, please do not hesitate to call.

Sincerely yours,



W. David Denton

Enclosures

cc: Mr. Billy Harper

dm:46634

RECEIVED

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

MAR 15 1999

PUBLIC SERVICE
COMMISSION

In the Matter of:

Joint Petition to Approve Transfer of
Ownership and Control of Woodlawn,
Oakdale, Husbands Road Water District (Sewer
System) to Paducah-McCracken County Joint Sewer Agency.

Case No. 99-093

FILED
MAR - 3 1999
PUBLIC SERVICE
COMMISSION

FILED
MAR 15 1999
PUBLIC SERVICE
COMMISSION

1. JURISDICTION

The Kentucky Public Service Commission (PSC) has jurisdiction over this matter pursuant to KRS 278.015 and KRS 278.020(4).

2. PETITIONERS.

a. The Woodlawn, Oakdale, Husbands Road Water District (Sewer System) was formed in 1962, pursuant to KRS Chapter 74. In 1966, the PSC issued an order authorizing the Sewer System to construct a municipal sanitary sewer collection, treatment and disposal system in a portion of McCracken County, Kentucky, pursuant to KRS Chapter 74. The Sewer System does not provide water service to any customers. A copy of the original ordinance establishing the Sewer System as well as a copy of the PSC order are attached hereto, and by reference made a part hereof, and marked as Exhibits A and B, respectively. A copy of the District's 1997 Annual Report to the PSC is attached hereto, and by reference made a part hereof, and marked as Exhibit C.

b. Paducah-McCracken Joint Sewer Agency (Agency) was formed in 1998, pursuant to KRS 76.231, for the purpose of managing, controlling and operating regional comprehensive wastewater treatment facilities within the City of Paducah (City) and the County of McCracken (County). As required by KRS 76.231(2) the City and County enacted identical ordinances (Ordinances) establishing and setting out the powers of the Agency. Copies of those ordinances are attached hereto, and by reference made a part hereof, and marked as Exhibits D and E.

c. Since the date of formation of the Agency, a board of directors, duly appointed pursuant to the ordinances, has held organizational meetings resulting in the following governance structure for the Agency.

<u>Directors</u>	<u>Appointment</u>	<u>Occupation/Position</u>
Billy Harper, Chair	Joint	Owner, Harper Industries, Inc.
Hon. J. William Howerton, Vice Chair	City	Judge (Ret)., Kentucky Court of Appeals
Robert ("Buz") Smith	City	City Commissioner
Frederick C. Ladt	City	Engineer/Owner, Petrocoke, Inc.

<u>Directors</u>	<u>Appointment</u>	<u>Occupation/Position</u>
Bill Bartleman	County	Sr. News Reporter, Paducah Sun and Secretary of Woodlawn, Oakdale, Husbands Road Water District (Sewer System)
Gene Wooten	County	Chair, Lone Oak Sewer District
Zana Renfro	County	County Commissioner

d. The board of directors has commissioned a national search to fill the position of General Manager of the Agency. The individual selected as General Manager must have previously demonstrated the financial, technical and managerial abilities required to operate a joint, county-wide sewer system. The search process is on-going at this time.

3. PLAN OF OPERATIONS

Subject to the approval of the PSC, the Kentucky Division of Water, and various lending agencies regarding loan assumptions and/or refinancing, the Agency expects to commence operations of the joint, county-wide sewer system on July 1, 1999. The following matters shall be completed or substantially completed by the start-up date:

a. Transfer of all Sewer System assets to the Agency. Simultaneously therewith, the transfer of assets to the Agency of Sanitation District No. 2, (Lone Oak), the City of Paducah's Wastewater and Stormwater Utility Division (City), and those assets of the Reidland Water & Sewer District used to provide sanitary sewer service to its users (Reidland Sewer).

b. All long term debt, current and accrued liabilities of the Sewer System shall either be assumed, refinanced or paid off by the Agency. The Agency shall likewise make similar arrangements to assume the financial obligations of Lone Oak, the City and Reidland Sewer.

c. A projected balance sheet reflecting an approximation of the financial status of the Agency on July 1, 1999 has been prepared by the Agency's certified public accountants and is attached hereto, and by reference made a part hereof, and marked Exhibit F.

d. The Sewer System's existing user rates, charges and tariffs, currently approved and on file with the PSC, shall be formally approved as the Agency's rates, charges and tariffs for all former customers of the Sewer System, effective July 1, 1999, as mandated by Section 9 of the Ordinances.

e. Employees of the Sewer System shall be offered employment by the Agency, under terms and conditions no less favorable than those currently extended to them by the Sewer System, as mandated by Section 6(c) of the Ordinances.

f. On or before July 1, 1999, the board of directors of the Agency shall establish written policies which shall be reasonable in purpose and nature for determining rules and regulations for its rate payers on matters such as: billing, deposits and returns of deposits, tap-on fees, line extensions, discontinuing service, customer complaints, employee handbooks and similar items. Existing policies of the Sewer System (and other entities joining the Agency) shall be carefully considered in the development of the new policies.

4. QUALIFICATIONS TO OPERATE SEWER SYSTEM

KRS 278.020(4) provides that the PSC shall grant approval of the transfer of ownership and control of entities such as the Sewer System, "if the person acquiring the utility has the financial, technical, and managerial abilities to provide reasonable service." The Agency submits that it meets the aforesaid criteria by reason of the following:

a. On July 1, 1999, the Agency will assume ownership of all assets currently used by the Sewer System to provide service to its rate payers, along with the assets of the other entities joining the Agency, namely Lone Oak, the City and Reidland Sewer. These assets include the wastewater treatment plant which is presently owned and used by the City.

b. A sufficient number of licensed and qualified employees will be on hand to operate the Agency as a result of the absorption of the employees of the Sewer System (and employees of the other entities joining the Agency).

c. A qualified general manager will have been retained by the Agency as a result of its search efforts.

d. The Sewer System's KPDES permit will have been transferred to the Agency by the Kentucky Division of Water.

e. Rates and charges for Sewer System customers will be in place upon the commencement of operations which will be identical to those currently in place.

f. The Agency shall, in written form, adopt policies for operating the system and ensuring fairness to all rate payers and employees.

5. 1999 ANNUAL REPORT As the Agency expects to commence operations of the joint, county-wide sewer system on July 1, 1999, the undersigned respectfully request that the PSC permit the Sewer System's 1999 annual report to be filed within sixty (60) days after June 30, 1999.

WHEREFORE, the Joint Petitioners pray that the PSC:

1. Approve the transfer of the assets of the Sewer System to the Agency in accordance with the terms and conditions set forth herein;

2. Approve the request that the Sewer System be given permission to file its 1999 annual report to the PSC within sixty (60) days after June 30, 1999;

3. Approve the dissolution of the Sewer System after the transfer to the Agency;
and

4. Provide to the Joint Petitioners such other relief as they may appear to be entitled.

DATED: March 12, 1999

PADUCAH-McCRACKEN COUNTY JOINT SEWER AGENCY


Name

Chairman
Title

WOODLAWN, OAKDALE, HUSBANDS ROAD WATER DISTRICT (SEWER SYSTEM)


Name

Chairman
Title

ORDERS McCracken County Court

Term, Regular

Day,

24th

Day of

November

1962

Court met pursuant to adjournment
Honorable Roy Stewart, Judge Presiding

MCCRACKEN COUNTY COURT

RE: RUDY KEEL, ET AL, PETITIONERS EX PARTE SEEKING THE ESTABLISHMENT OF THE WOODLAWN, OAKDALE, AND HUSBAND ROAD WATER DISTRICT.

ORDER

The above styled petition coming on for hearing herein and it appearing to the Court that notice of the filing of said petition in the form directed by this Court was made in the Sun-Democrat, a newspaper of general circulation in McCracken County, Kentucky, for three successive legal days, and that more than thirty days have elapsed after the publication of said notice, and no objections having been filed to the establishment of said district, and the case having been set for further hearing and being submitted to the Court upon the pleadings and exhibits filed herein, and the Court being sufficiently advised and it appearing to the Court that the establishment of said district is reasonably necessary for the public health, for the protection and comfort of the residents of the area described in the petition and hereinafter set out, it is ordered and adjudged as follows, to-wit:

1. That there is hereby established within the territory described as follows, to-wit:

Beginning at a point in the centerline of the Illinois Central Railroad (mainline, North-South) at the intersection of said Railroad and the McCracken County-Graves County Line; thence in a Northerly direction along the centerline of the Illinois Central Railroad for a Distance of 43,000', more or less, to a point, said point being where the Illinois Central Railroad enters the city limits of Paducah, Kentucky; thence in a North Easterly direction along the city limits of Paducah, Kentucky for a Distance of 7,000', more or less, to a point in the Illinois Central Railroad (East-West); thence in an Easterly Direction along the centerline of said railroad for a distance of 7,000', more or

EXHIBIT A

Keep

McCRACKEN COUNTY COURT

RE: RUDY KEEL, ET AL, PETITIONERS EX PARTE SEEKING THE ESTABLISHMENT OF THE WOODLAWN, OAKDALE, AND HUSBAND ROAD WATER DISTRICT.

- - - - -

ORDER

The above styled petition coming on for hearing herein and it appearing to the Court that notice of the filing of said petition in the form directed by this Court was made in the Sun-Democrat, a newspaper of general circulation in McCracken County, Kentucky, for three successive legal days, and that more than thirty days have elapsed after the publication of said notice, and no objections having been filed to the establishment of said district, and the case having been set for further hearing and being submitted to the Court upon the pleadings and exhibits filed herein, and the Court being sufficiently advised and it appearing to the Court that the establishment of said district is reasonably necessary for the public health, for the protection and comfort of the residents of the area described in the petition and hereinafter set out, it is ordered and adjudged as follows, to-wit:

1. That there is hereby established within the territory described as follows, to-wit:

Beginning at a point in the centerline of the Illinois Central Railroad (mainline, North-South) at the intersection of said Railroad and the McCracken County-Graves County Line; thence in a Northerly direction along the centerline of the Illinois Central Railroad for a Distance of 43,000', more or less, to a point, said point being where the Illinois Central Railroad enters the city limits of Paducah, Kentucky; thence in a North Easterly direction along the city limits of Paducah, Kentucky for a Distance of 7,000', more or less, to a point in the Illinois Central Railroad (East-West); thence in an Easterly Direction along the centerline of said railroad for a distance of 7,000', more or less, to a point; thence in a northerly direction for a distance of 2,000' to a point; thence in an Easterly direction parallel to and 2,000' north of U.S.Highways 60-62-68 for a distance of 8,000', more or less, to a point in the center of Clarks River; thence in a Southerly direction along the meanders of Clarks River and the West fork of Clarks River for a distance of 60,000', more or less, to a point, said point being at the intersection of the West fork of Clarks River and the McCracken County-Graves County Line; thence in a Westerly direction along the McCracken County-Graves County line for a distance of 26,000', more or less, to the point of beginning,

a water district pursuant to Chapter 74 of the Kentucky Revised Statutes, and said district is hereby designated as the Woodlawn, Oakdale, and Husband Road Water District.

Roy Stewart
Judge, McCracken County Court

STATE OF KENTUCKY }
COUNTY OF McCRACKEN } SCT.

I, A. T. HOUSER, Clerk of the County Court for the County and State aforesaid, do certify that the foregoing is a true and correct copy of same as appears on record in my office in Court

Order Bk 42 page 520

Given under my hand this 22 day of July, 19 75

A. T. HOUSER, CLERK

By Barbara Caldwell, D. C.



COMMONWEALTH OF KENTUCKY

PUBLIC SERVICE COMMISSION

FRANKFORT, KENTUCKY 40601

J. DAVID FRANCIS
CHAIRMAN
WOODROW W. BURCHETT
COMMISSIONER
WELLS T. LOVETT
COMMISSIONER

J. GARDNER ASHCRAFT, COUNSEL
RICHARD D. HEMAN, JR., SECRETARY

January 5, 1965

Honorable Rudy O. Keel
Chairman of the Commission
Woodlawn, Oakdale & Husband
Road Water District
103 S. Kentucky
Paducah, Kentucky

Re: Case No. 4616

Dear Mr. Keel:

Enclosed you will find one (1) attested copy
of the Commission's Order in the above case.

Very truly yours,

PUBLIC SERVICE COMMISSION OF KENTUCKY

Richard D. Heman, Jr.
Richard D. Heman, Jr., Secretary

RDH/jr

Enclosure

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

A meeting of the Public Service Commission was held this date. Present: Chairman Woodrow W. Hurchett and Commissioners Wells T. Lovett and Frederick E. Nichols.

* * * *

In the Matter of

THE APPLICATION OF WOODLAWN, OAKDALE & HUSBAND ROAD WATER DISTRICT, MCCRACKEN COUNTY, KENTUCKY, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY, AUTHORIZING SAID DISTRICT TO CONSTRUCT A MUNICIPAL SANITARY SEWER COLLECTION, TREATMENT AND DISPOSAL SYSTEM, PURSUANT TO THE EXPRESS PROVISIONS OF KRS 24.407, AND SEEKING APPROVAL OF A SCHEDULE OF PROPOSED SEWER RATES AND CHARGES.) CASE NO. 451

APPEARANCES

For Woodlawn, Oakdale & Husband Road Water District: Honorable Spencer E. Harper, Jr., Attorney at Law, Louisville, Kentucky. For the Commission Staff: Honorable Morris Burton, Assistant Counsel.

PREFACE

On November 24, 1965, Woodlawn, Oakdale & Husband Road Water District filed with this Commission its duly verified application seeking a certificate of convenience and necessity to construct a sanitary sewage collection, treatment and disposal system located in McCracken County and authority to issue \$1,615,000 of Sewer System Revenue Bonds and approval of proposed rates.

This case was set for hearing at the Commission's office in Frankfort, Kentucky, December 13, 1965. All parties of interest were notified and no protests were entered.

OPINION AND ORDER

The Commission, after a review of the record and being fully advised is of the opinion and finds that there is a need and demand for a sanitary sewage collection, treatment and disposal system in the area as set forth in the court order by the County Court of McCracken County, Kentucky.

Further, that the issuance of \$1,615,000 of sewer system revenue bonds is for a lawful object within the corporate purpose of the utility, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

Further, that the rates as prescribed and set forth in Appendix "A" attached hereto appear to be reasonable rates in that they will provide sufficient revenue to service the debt, provide for operating expenses and a sufficient accumulation to provide for a reasonable surplus.

IT IS THEREFORE ORDERED That Woodlawn, Oakdale & Husband Road Water District, McCracken County, Kentucky, is hereby granted a certificate of convenience and necessity to construct a sanitary sewage collection, treatment and disposal system in that area as set forth in the application and as specifically set out in the plans and specifications.

IT IS FURTHER ORDERED That Woodlawn, Oakdale & Husband Road Water District is hereby authorized to issue \$1,615,000 of sewer system revenue bonds at an interest rate not to exceed five and one quarter (5½) percent.

IT IS FURTHER ORDERED That the proposed borrowing shall be used only for the lawful object as set forth in the application.

IT IS FURTHER ORDERED That Woodlawn, Oakdale & Husband Road Water District shall file with this Commission its tariff setting out the sanitary sewage rates as set forth in Appendix "A" thirty (30) days before the first billing.

Nothing contained herein shall be deemed a warranty of the financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 3rd day of January,

1966.

By the Commission

ATTEST:

Richard D. Henson
Secretary

APPENDIX "A"

Appendix to the Order of the Kentucky
Public Service Commission in Case No.
4618, dated January 3, 1966.

The rates for sanitary sewage service rendered by Woodlawn,
Oakdale & Husband Road Water District in the territory as set
forth in the McCracken County Court Order creating the Woodlawn,
Oakdale & Husband Road Water District shall be one Hundred (100%)
percent of the water bill, with a minimum sewer charge of \$6.00.

First	5,000 gallons per Month	\$6.00	Minimum Bill
Next	5,000 gallons	0.80	Per 1000 gallons
Next	90,000 gallons	0.45	Per 1000 gallons
Next	400,000 gallons	0.40	Per 1000 gallons
Next	500,000 gallons	0.28	Per 1000 gallons
Next	1,000,000 gallons	0.19	Per 1000 gallons
Next	8,000,000 gallons	0.17	Per 1000 gallons
All over	10,000,000 gallons	0.16	Per 1000 gallons

The minimum sewer charge will be \$6.00 per month per
connection or 100% of the water bill which ever is greater.

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 1997

1. Amount of Principal Payment during calendar year \$ 227,266
2. Is Principal current? (Yes) X (No) _____
3. Is Interest current? (Yes) X (No) _____

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are your financial statements examined by a Certified Public Accountant? YES X NO _____

If yes, which service is performed?

AUDIT X
COMPILATION _____
REVIEW _____

Please enclose a copy of the accountant's report with annual report.

AUDIT OF THE ANNUAL REPORT
SEWER UTILITIES

To Be Completed and Returned With Annual Report

<u>Page No.</u>	<u>Line No.</u>	<u>Page No.</u>	<u>Line No.</u>	<u>Yes</u>	<u>No</u>	<u>If No, Explain Why</u>
2	4	4	12	X		
		agrees with	(Utility Plant)			
2	6	4	15	X		
		agrees with	(Utility Plant)			
2	7	4	17	X		
		agrees with	(Utility Plant)			
4	2	5	40	X		
		agrees with	(Utility Plant)			
4	23	4	15	X		
		agrees with	(Utility Plant)			
3	4 & 5	6		X		
		agrees with	Capital Stock			
3	10	7		X		
		agrees with	Balance End of Year Statement of Retained Earnings			
3	19	6		X		
		agrees with	Long-term Debt, Total (d)			
3	23	6		X		
		agrees with	Notes Payable, Total (e)			
3	29	6		X		
		agrees with	Interest Accrued, Balance End of Year, Total			
3	30	7	21	X		
		agrees with	(Depreciation)			
4	3	8	25	X		
		agrees with	Interest Accrued			
6		8	40	X		
		agrees with	During Year-LTD			
6		8	43	X		
		agrees with	Interest Accrued			
8	24	9	52	X		
		agrees with	During Year-Other			
8	27	10	Acct. 408.1	X		
		agrees with	Total Income Taxes			
8	28	10	Utility Operating Income	X		
		agrees with	Income			

AUDIT OF THE ANNUAL REPORT

SEWER UTILITIES

TO BE COMPLETED AND RETURNED WITH ANNUAL REPORT

<u>Page No.</u>	<u>Line No.</u>	<u>Page No.</u>	<u>Line No.</u>	<u>Yes</u>	<u>No</u>	<u>IF No, Explain Why</u>
8	26	agrees with	10	Amortization Expense	X	
8	44	agrees with	10	Account 408.2	X	
8	45	agrees with	10	Total Income Taxes Nonutility Operating Income	X	
Pages 11 and 12 have been completed						
The Oath Page has been completed						

GENERAL INFORMATION

1. Exact name of utility making this report(Use the words "The", "Company", "Incorporated" only when a part of the corporate name)
Woodlawn, Oakdale, Husbands Road Water District (Sewer System)
2. Give the location including street, zip code and telephone number of the principal office in Kentucky
3101 Estes Lane, P.O. Box 3225, Paducah, KY 42002 (502) 443-3682
3. Give name, title, address and telephone number of the officer to whom correspondence concerning this report should be addressed
Palmer Edwards, Chairman
P. O. Box 3225, Paducah, Ky. 42002-3225 (502)443-3682
4. Name of State under the laws of which respondent is incorporated and the date of incorporation
Kentucky
5. Date sewer utility began operations
September 1967
6. Name of City, Town, Community, Sub-division and County in which respondent furnishes sewer service
McCracken County, Kentucky
7. Number of employees: Full time 2, Part time 1

PRINCIPAL OFFICERS

Title	Name	Official Address	Annual Salary and/or Fee
Chairman	Palmer Edwards	P.O. Box 3225 Paducah, KY 42002	2,400
Secretary	Bill Bartleman	P.O. Box 3225 Paducah, KY 42002	2,400
Treasurer	Don Swinford	P.O. Box 3225 Paducah, KY 42002	2,400

BALANCE SHEET

Line No.	ASSETS AND OTHER DEBITS	Balance First Of Year	Balance Last Of Year
1			
2	UTILITY PLANT		
3			
4	Utility Plant(101-109)	5,487,843	5,515,212
5	Less: Accum. Prov. for Depr. and Amort.		
6	of Utility Plant(110)	1,171,866	1,283,131
7	Net Utility Plant	4,315,977	4,232,081
8			
9	OTHER PROPERTY AND INVESTMENTS		
10			
11	Non-Utility Property(121)		
12	Less: Accum. Prov. for Depr. and Amort.		
13	of Non-Utility Property(122)		
14	Net Non-Utility Property	731,059	782,574
15	Other Investments(124)		
16	Special Funds(125)		
17			
18		731,059	782,574
19	Total Other Property and Investments		
20			
21	CURRENT AND ACCRUED ASSETS		
22			
23	Cash and Working Funds(131)	297,968	316,101
24	Temporary Cash Investments(132)		
25	Notes Receivable(141)		
26	Customer Accounts Receivable(142)	58,712	56,428
27	Other Accounts Receivable(143)	3,446	3,443
28	Accum. Prov. for Uncollectible Accts.-Cr.(144)		
29	Notes Receivable from Assoc. Companies(145)		
30	Accounts Receivable from Assoc. Companies(146)		
31	Materials and Supplies(150)		
32	Prepayments(166)	19,004	16,263
33	Other Current and Accrued Assets(170)		
34			
35			
36			
37	Total Current and Accrued Assets	379,130	392,235
38			
39	DEFERRED DEBITS		
40			
41	Unamortized Debt Discount and Expense(181)	221,863	194,220
42	Extraordinary Property Losses(182)		
43	Other Deferred Debits(183)		
44			
45			
46			
47	Total Deferred Debits	221,863	194,220
48			
49			
50	TOTAL ASSETS AND OTHER DEBITS	5,648,029	5,601,110

BALANCE SHEET

Line No.	LIABILITIES AND OTHER CREDITS	Balance First Of Year	Balance Last Of Year
1			
2	EQUITY CAPITAL		
3			
4	Common Capital Stock(201)		
5	Preferred Capital Stock(204)		
6	Other Paid-In Capital(207)		
7	Discount on Capital Stock(213)		
8	Capital Stock Expense(214)		
9	Appropriated Retained Earnings(215)		
10	Unappropriated Retained Earnings(216)	1,604,295	1,727,785
11	Non-Corporate Proprietorship(218)		
12	Total Equity Capital	1,604,295	1,727,785
13			
14	LONG TERM DEBT		
15			
16	Bonds(221)	425,000	325,000
17	Advances From Associated Companies(223)		
18	Other Long Term Debt(224)	1,854,936	1,716,259
19	Total Long Term Debt	2,279,936	2,041,259
20			
21	CURRENT AND ACCRUED LIABILITIES		
22			
23	Notes Payable(231)		
24	Accounts Payable(232)	21,745	9,949
25	Notes Payable to Associated Companies(233)		
26	Accounts Payable to Associated Companies(234)		
27	Customer Deposits(235)		
28	Taxes Accrued(236)	1,377	1,405
29	Interest Accrued(237)	22,157	18,700
30	Other Current and Accrued Liabilities(238)	235,825	239,511
31	Total Current and Accrued Liabilities	281,104	269,565
32			
33	DEFERRED CREDITS		
34			
35	Advances for Construction(252)		
36	Other Deferred Credits(253)		
37	Accum. Deferred Investment Tax Credits(255)		
38	Total Deferred Credits		
39			
40	Operating Reserves(261-265)		
41			
42	Contributions in Aid of Construction(271)	1,482,694	1,562,501
43			
44	ACCUMULATED DEFERRED INCOME TAXES		
45			
46	Accum. Def. Income Taxes-Accel. Amort.(281)		
47	Accum. Def. Income Taxes-Lib. Depr.(282)		
48	Accum. Def. Income Taxes-Other(283)		
49	Total Accum. Deferred Income Taxes		
50	TOTAL LIABILITIES AND OTHER CREDITS	5,648,029	5,601,110

SUMMARY OF UTILITY PLANT

Line No.	Acct No.	Item	Amount
		UTILITY PLANT	
1		In Service:	
2	101	Plant in Service Classified(from pg. 5, line 40)	5,478,618
3	102	Completed Construction Not Classified	
4	103	Utility Plant in Process of Reclassification	
5	106	Utility Plant Purchased or Sold	
6		Total-In Service	5,478,618
7	104	Utility Plant Leased to Others	
8	105	Property Held for Future Use	
9	107	Construction Work in Progress	36,594
10	108	Utility Plant Acquisition Adjustments	
11	109	Other Utility Plant Adjustments	
12		Total Utility Plant(to pg. 2, line 4)	5,515,212
13		Less:	
14	110	Accumulated Provision for Depreciation and	
15		Amort. of Utility Plant(to pg. 2, line 6)	1,283,131
16			
17		NET UTILITY PLANT(to pg. 2, line 7)	4,232,081

ACCUM. PROV. FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

Line No.	Item	Amount
1	Balance Beginning of Year	1,171,866
2	Accruals for Year:	
3	Depreciation	133,525
4	Amortization	
5	Other Accounts(detail):	
6		
7		
8	Total Accruals for Year	133,525
9	Credit Adjustments(describe):	
10		
11		
12	Total Credits for Year	133,525
13		
14	Net Charges for Plant Retired:	
15	Book Cost of Plt. Ret.(same as pg. 5, line 40)	77,486
16	Add: Cost of Removal	
17	Less: Salvage	55,226
18	Net Charges for Plant Retired	22,260
19	Debit Adjustments(describe):	
20		
21		
22	Total Debit Adjustments for Year	22,260
23	Balance End of Year	1,283,131

SEWER UTILITY PLANT IN SERVICE

Report in col. (e) entries reclass. property from one acct. to another. Corrections of entries of the prec. yr. should be recorded in col. (c) or (d) as they are corrections of additions or retirements.

Line No.	Account	Depr. Rate	Balance First of Yr	Additions	Retire-ments	Adj.-Inc. or Dec.	Balance End of Year
1	INTANGIBLE PLANT						
2	Organization(301)	---					
3	Franchise and Consents(302)	---					
4	Miscellaneous Intangible Plant(303)	---					
5	Total Intangible Plant	---					
6	LAND AND STRUCTURES						
7	Land and Land Rights(310)	---	166,806	2,924			169,730
8	Structures and Improvements(311)	---	318,506	16,536			335,042
9	Total Land and Structures	---	485,312	19,460			504,772
10	COLLECTION PLANT						
11	Collection Sewers-Force(352.1)		293,800	29,371	14,562		308,609
12	Collection Sewers-Gravity(352.2)						
13	Other Collection Plant Facilities(353)		3,116,446	777,950	62,924		3,831,472
14	Services to Customers(354)						
15	Flow Measuring Devices(355)						
16	Total Collection Plant		3,410,246	807,321	77,486		4,140,081
17	PUMPING PLANT						
18	Receiving Wells and Pump Pits(362)						
19	Pumping Equipment-Electric(363A)		423,243	41,388			464,631
20	Pumping Equipment-Diesel(363B)						
21	Pumping Equipment-Other(363C)						
22	Total Pumping Plant		423,243	41,388			464,631
23	TREATMENT AND DISPOSAL PLANT						
24	Oxidation Lagoon(372)						
25	Treatment and Disposal Equipment(373)		308,345				308,345
26	Plant Sewers(374)						
27	Outfall Sewer Lines(375)						
28	Other Treat. & Dis. Plt. Equip.(376)						
29	Total Treatment and Disposal Plant		308,345				308,345
30	GENERAL PLANT						
31	Office Furniture and Equipment(391)		10,408	74			10,482
32	Transportation Equipment(392)		38,897				38,897
33	Stores Equipment(393A)						
34	Tools, Shop & Garage Equipment(393B)		10,967	443			11,410
35	Laboratory Equipment(393C)						
36	Power Operated Equipment(393D)						
37	Communication Equipment(393E)						
38	Other Tangible Property(393F)						
39	Total General Plant		60,272	517			60,789
40	TOTAL SEWER PLANT IN SERVICE						

OTHER CURRENT AND ACCRUED LIABILITIES

Line No.	Sub-Account and Description	Amount
1	Current maturities of long-term debt (bonds)	100,000
2	(Payable from Restricted Assets)	
3		
4	Current portion of long-term debt (KIA Loans)	138,677
5		
6	Other liabilities	834
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21	Total (Must agree with page 3. line 30, Acct. No. 238)	239,511

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

Item (a)	This Year (b)	Last Year (c)
UNAPPROPRIATED RETAINED EARNINGS(216)		
Balance Beginning of Year	1,604,295	1,479,963
Balance Transferred From Income(435)	123,490	124,332
Appropriations of Retained Earnings(436):		
Dividends Declared-Preferred Stock(437)		
Dividends Declared-Common Stock(438)		
Adjustments to Retained Earnings(439):		
Balance End of Year	1,727,785	1,604,295

STATEMENT OF INCOME FOR THE YEAR

Line No.	Account (a)	Number Of Customers (b)	Amount (c)
1	OPERATING REVENUES		
2	Flat Rate Revenues-General Customers:		
3	Residential Revenues(521.1)		
4	Commercial Revenues(521.2)		
5	Industrial Revenues(521.3)		
6	Revenues From Public Authorities(521.4)		
7	Total(521)		
8	Measured Revenues-General Customers:		
9	Residential Revenues(522.1)	Breakdown of revenue is not available. All rates are the same.	
10	Commercial Revenues(522.2)		
11	Industrial Revenues(522.3)		
12	Revenues From Public Authorities(522.4)		590,045
13	Total(522)		
14	Revenues From Public Authorities(523)		
15	Revenues From Other Systems(524)		
16	Miscellaneous Sewage Revenues(526)		590,045
17	Total Sewage Service Revenues(521-526)		
18	OTHER OPERATING REVENUES		
19	Customers Forfeited Discounts(532)		
20	Miscellaneous Operating Revenues(536)		
21	Total Other Operating Revenues		590,045
22	Total Operating Revenues		
23	OPERATING EXPENSES		
24	Total Sewer Operation & Maint. Exp.(from pg.9. line52)		169,893
25	Depreciation Expense(403)		133,525
26	Amortization Expense(404-407/from pg.10)		4,795
27	Taxes Other Than Income Taxes(408.1/from pg.10)		
28	Total Income Taxes-Utility Operating Income(from pg.10)		308,213
29	Total Sewage Operating Expenses		281,832
30	Net Operating Income		
31	OTHER INCOME		
32	Income From Nonutility Operations(417)		53,979
33	Interest and Dividend Income(419)		25
34	Miscellaneous Nonoperating Income(421)		
35	Other Accounts(Specify Account No. and Title):		
36			
37			54,004
38	Total Other Income		
39	OTHER DEDUCTIONS		
40	Interest on Long Term Debt(427)		125,568
41	Amortization of Debt Discount and Expense(428)		27,643
42	Interest on Debt to Associated Companies(430)		
43	Other Interest Expense(431)		
44	Taxes Other Than Income Taxes(408.2/from pg.10)		
45	Total Income Taxes-Nonutil. Operat. Income(from pg.10)		
46	Other Accounts(Specify Account No. and Title):		55,226
47	Loss on Abandonment of Assets		3,909
48	Loan Servicing Fee		212,346
49	Total Other Deductions		123,490
50	NET INCOME		

SEWER OPERATION AND MAINTENANCE EXPENSES

Line No.	Account (a)	Amount (b)
1	OPERATION EXPENSES	
2	Supervision and Engineering(700):	
3	Owner/Manager-Management Fee(700-A)	
4	Other Expenses(700-B)	
5	Labor and Expenses(701):	
6	Collection System-Labor, Mat'ls. & Expenses(701-A)	6,281
7	Pumping System-Labor, Mat'ls. & Expenses(701-B)	19,425
8	Treatment System(701-C):	11,519
9	Sludge Hauling	
10	Utility Service-Water Cost	
11	Other-Labor, Mat'ls. and Expenses	
12	Rents(702)	
13	Fuel and Power Purchased for Pumping & Treatment(703)	30,919
14	Chemicals(704)	7,040
15	Miscellaneous Supplies and Expenses(705):	
16	Collection System(705-A)	
17	Pumping System(705-B)	
18	Treatment and Disposal(705-C)	
19	Total Operation Expenses	75,184
20	MAINTENANCE EXPENSES	
21	Supervision and Engineering(710):	
22	Routine Maintenance Service Fee(710-A)	
23	Internal Supervision and Engineering(710-B)	
24	Maintenance of Structures and Improvements(711)	
25	Maintenance of Collection Sewer System(712)	5,533
26	Maintenance of Pumping System(713)	11,387
27	Maintenance of Treatment and Disposal Plant(714)	2,630
28	Maintenance of Other Plant Facilities(715)	
29	Total Maintenance Expenses	19,550
30	CUSTOMER ACCOUNTS EXPENSES	
31	Supervision(901)	
32	Meter Reading Expenses and Flat Rate Inspections(902)	
33	Customer Records and Collection Expenses(903):	
34	Agency Collection Fee(903-A)	7,490
35	Internal Labor, Materials and Expenses(903-B)	
36	Uncollectible Accounts(904)	11,451
37	Miscellaneous Customer Accounts Expenses(905)	
38	Total Customer Accounts Expenses	18,941
39	ADMINISTRATIVE AND GENERAL EXPENSES	
40	Administrative and General Salaries(920)	18,907
41	Office Supplies and Other Expenses(921)	5,160
43	Outside Services Employed(923)	8,172
44	Insurance Expense(924)	8,481
45	Employee Pensions and Benefits(926)	10,771
46	Regulatory Commission Expense(928)	
47	Transportation Expenses(929)	2,997
48	Miscellaneous General Expenses(930)	113
49	Rents(931)	
50	Maintenance of General Plant(932)	1,617
51	Total Administrative and General Expenses	56,218
52	TOTAL SEWER OPERATION & MAINT. EXP.(to pg. 8. line 24)	169,893

TAXES OTHER THAN INCOME TAXES(408)

Show hereunder the various tax items which make up the amounts listed und Account Numbers 408.1 and 408.2 appearing on page 8, lines 27 and 44.

Line No.	Item (a)	Amount (b)
1	Payroll Taxes	3,933
2	Property Taxes	
3	Utility Regulatory Commission Assessment	862
4	Other(Specify):	
5		
6		
7		
8		
9		
10		
11		
12	TOTAL(Same as page 8. line 27 plus 44)	4,795

OPERATING AND NON-OPERATING INCOME TAXES

Acct. No.	Account (a)	Amount (b)
409.1	Income Taxes-Federal	
409.1	Income Taxes-State	
409.1	Income Taxes-Other	
410.1	Provisions for Deferred Income Taxes	
411.1	Income Taxes Deferred in Prior Years-Credit	
412.0	Investment Tax Credits-Net	
	Total Income Taxes-Util. Operat. Income(to pg 8,line 28)	
409.2	Income Taxes-Federal	
409.2	Income Taxes-State	
409.2	Income Taxes-Other	
410.2	Provisions for Deferred Income Taxes	
411.2	Income Taxes Deferred in Prior Years-Credit	
412.4	Investment Tax Credits-Net	
	Total Inc. Taxes-Nonutil. Op. Income(to pg. 8.line 45)	

AMORTIZATION EXPENSE

Acct. No.	Account (a)	Amount (b)
404	Amortization of Limited-Term Utility Plant	
405	Amortization of Other Utility Plant	
406	Amortization of Utility Plant Acquisition Adjustments	
407	Amortization of Property Losses	
-	Amortization of Rate Case Expense	
	Total Amortization Expense(to pg. 8. line 26)	

SEWER PLANT STATISTICS

CUSTOMER STATISTICS-END OF YEAR

Type	Number of Customers	Bi-Monthly Or Monthly Billing?	Number of Bills Pertaining to Each Type of Customer
Residential:			
Single Family	1,998	monthly	1
Apartments/Condominiums	50	"	1
Commercial	140	"	1
Industrial	1	"	1
Other (Specify): trailer courts	3	"	1
Total	2,192		

INDUSTRIAL CUSTOMERS SERVED

Name And Type Of Industry	Metered Or Estimated Gals.	Pretreatment Of Wastes

PUMPING STATIONS

Location	Size Of Motor	Type Of Motor	Capacity Gals. Per Day
SHEET ATTACHED			

MAINS (FEET)

Kind Of Pipe (Cast Iron, Vit. clay, concrete)	Diameter Of Pipe	No. Of Feet 1st of Year	Additions	Removed or Abandoned	No. Of Feet End Of Year
vitriified clay	15"	2,571			2,571
vitriified clay	12"	5,379			5,379
vitriified clay	10"	4,248			4,248
vitriified clay	8"	113,452			113,452
cast iron	12"	208			208
cast iron	8"	1,979			1,979
ARS	8"	8,235			8,235
TRUSS	8"	5,874			5,874
PVC	8"	13,887			13,887
ATTACHED SHEET FOR ADDITIONAL SIZE & KIND OF PIPE					

SERVICE LATERALS AND STUBS

Number of service laterals owned by the utility, end of year approx 1,741
 Number of stubs as of end of year approximately 65
 Number of service laterals owned by others _____

WOODLAWN, OAKDALE & HUSBANDS ROAD

SANITATION DISTRICT NO. 4

MAINS (FEET) cont' from page 12

<u>Kind of pipe</u>	<u>diameter</u>	<u>feet 1st of year</u>	<u>additions removed</u>	<u>feet end of \</u>
PVC	4"	1,339		1,339
PVC	6"	1,783		1,783
PVC	10"	3,596		3,596

NOTE:

Considering the volume of relocation of mains and service lines due to Kentucky Department of Transportation road construction, the District is presently taking inventory of pipe (kind and size) within the system.

OATH

State of Kentucky)
County of McCracken)

SS:

Before me, the undersigned officer duly authorized to administer oaths, there personally appeared Palmer Edwards ,
(Name of affiant)

who, being first sworn by me, says on oath that he has charge of the records of Woodlawn, Oakdale, Husbands Road Water District (Sewer System)
(Exact legal name of company)

and that the foregoing report is true to the best of his knowledge and belief, and that it covers the period from January 1, 19 97 , to December 31, 19 97 .

Palmer Edwards
(Signature of affiant)

Subscribed and sworn to before me this 30th day of MARCH , 19 98 .

Shirley A. Hunt
Notary Public, ~~XXXXXXXXXXXX~~ STATE-AT-LARGE
County of _____
My Commission Expires 6-2 , 19 99 .

(SEAL)

WOODLAWN, OAKDALE & HUSBANDS ROAD

SANITATION DISTRICT NO. 4

PUMPING STATIONS ATTACHMENT

<u>LOCATION</u>	<u>SIZE OF MOTOR</u>	<u>TYPE</u>	<u>CAPACITY</u>
SPANN LANE (No. 5)	15 HP	Induction	950 GPM w/2 pumps
LANE ROAD (No. 1)	15 HP	Induction	900 GPM
HOMWOOD AVENUE (No. 2)	15 HP	Induction	800 GPM
COOK STREET (No. 3)	5 HP	Induction	200 GPM
BLANKENSHIP (No. 9)	7½ HP	Induction	150 GPM
CARTER (No. 6)	3 HP	Submersible	100 GPM
EAST SIDE (No. 7)	30 HP	Submersible	1,200 GPM
MEACHAM LANE (No. 8)	10 HP	Induction	400 GPM
MILLIKEN ROAD (No. 4)	25 HP	Induction	600 GPM
OLD BENTON ROAD (No. 10)	5 HP	Submersible	200 GPM
GEORGIA ST. (No. 11)	2 HP	Submersible	40 GPM
FIRST STAGE (No. 12)	15 HP	Submersible	850 GPM
RIVER PUMP STATION (No. 13)	15 HP	Induction	850 GPM
TOWNE CENTER (No. 14)	5 HP	Submersible	320 GPM
I-24/NORTH (No. 15)	5 HP	Submersible	200 GPM

WOODLAWN, OAKDALE & HUSBANDS ROAD SANITATION DISTRICT NO. 4

Phone: (502) 443-3682 P.O. Box 3225 Paducah, Kentucky 42002-3225

JULY 24, 1998

PUBLIC SERVICE COMMISSION
730 Schenkel Lane
P. O. Box 615
Frankfort, KY. 40602

RE: 1997 ANNUAL REPORT

As I noted in the 1997 Annual Report of Woodlawn, Oakdale & Husbands Road Sewer District, the District was in the process of taking inventory of the pipe within the system.

Within the past six years the District has completed two extensions to the system and as the result of Kentucky Department of Transportation road construction, the District has recently completed extensive relocation of mains and service lines.

Enclosed is a copy of the revised pipe inventory that represents as accurately as possible what the district maintains.

If you have any questions, please feel free to contact the office.

Sincerely



Shirley Hunt
Office Manager

enclosure

WOODLAWN, OAKDALE & HUSBANDS ROAD

SANITATION DISTRICT NO. 4

MAINS (feet)

<u>kind of pipe</u>	<u>diameter</u>	<u>feet end of year</u>
PVC	2½"	800
PVC	4"	1339
ABS TRUSS	6"	370
CAST IRON	6"	3471
VITRIFIED CLAY	6"	1812
PVC	6"	5250
ABS TRUSS	8"	13353
CAST IRON	8"	4044
VITRIFIED CLAY	8"	103840
PVC	8"	15779
CAST IRON	10"	3867
VITRIFIED CLAY	10"	3523
PVC	10"	15521
CAST IRON	12"	208
VITRIFIED CLAY	12"	5379
PVC	12"	30375
VITRIFIED CLAY	15"	2571

COMMONWEALTH OF KENTUCKY
CITY OF PADUCAH
ORDINANCE NO. 98-8-5927

AN ORDINANCE OF THE PADUCAH CITY COMMISSION
ESTABLISHING A JOINT SEWER AGENCY

WHEREAS, the legislative bodies of the City of Paducah and McCracken County have established the need to provide a comprehensive wastewater collection and treatment system within McCracken County; and

WHEREAS, the legislative bodies of the City of Paducah and McCracken County have agreed that the need for the aforementioned system would best be administered by a separate legal entity; and

WHEREAS, the legislative bodies of the City of Paducah and McCracken County agree that Board appointments to this entity shall consist of representatives from both the City of Paducah and McCracken County; and

WHEREAS, the legislative bodies of the City of Paducah and McCracken County have selected a joint sewer agency to be the legal entity, as set forth in KRS 76.231, to administer and provide comprehensive wastewater services for Paducah and McCracken County; and

WHEREAS, KRS 76.231 provides for the creation of a joint sewer agency upon the enactment of identical ordinances establishing and setting out the powers of the joint sewer agency by both the legislative bodies of the City of Paducah and McCracken County; and

WHEREAS, in order to establish the joint sewer agency, the City of Paducah and McCracken County have decided to merge into the joint sewer agency Sanitation District No. 5 (Concord), Sanitation District No. 2 (Lone Oak), the sanitary sewer facilities and operations of Woodlawn Water and Sewer District and Reidland Water-Sewer District, and the sanitary and combined sewer facilities and operations of the City of Paducah Wastewater and Stormwater Utility Division (hereinafter "Existing Agencies").

NOW, THEREFORE, be it ordained by the City of Paducah and McCracken County Fiscal Court, jointly, as follows:

EXHIBIT D

SECTION 1. Establishment of Joint Sewer Agency

In order to provide for the protection of public health, safety, and welfare of its citizens, there is hereby created and established, under and pursuant to the provisions of KRS 76.231, a joint sewer agency (hereinafter "Agency") to own, manage, control, and operate regional comprehensive wastewater facilities within McCracken County. The jurisdiction of the Agency shall include all of McCracken County, including the City of Paducah and the City of Lone Oak.

SECTION 2. Board

(a) The Agency shall be managed by a Board of Directors (hereinafter "Board") consisting of seven (7) persons, one of whom shall be a sitting member of the Paducah City Commission and elected by the Commission, one of whom shall be a sitting member of the McCracken County Fiscal Court and elected by the Fiscal Court, two (2) of whom shall be appointed by the Mayor of the City of Paducah and subject to approval of the City Commission, two (2) of whom shall be appointed by the McCracken County Judge-Executive and subject to approval of the Fiscal Court, and one (1) of whom shall be jointly appointed by both the Mayor and the County Judge-Executive, subject to the approval of both legislative bodies.

(b) Members of the Board shall be persons of outstanding reputations for ability and integrity, shall be at least 25 years of age, a resident of McCracken County for a period of no less than three years. No person shall be appointed a member of the Board who is related within the third degree to the Mayor, the Judge-Executive, or any member of the governing body of the city or county.

(c) Initial Board appointments shall be as follows: the jointly appointed member shall serve a one (1) year term; the representatives of the McCracken County Fiscal Court and the Paducah City Commission shall serve a two (2) year term; one (1) appointment by each governing body shall serve a two (2) year term; one (1) appointment by each governing body shall serve a three (3) year term. All private sector appointments made at the conclusion

of the initial term shall hereafter be for a term of four (4) years, except that the representatives of the McCracken County Fiscal Court and the Paducah City Commission shall serve two (2) year terms.

(d) In the event of a Board vacancy and also at least thirty (30) days preceding the expiration of the term of office of any appointed Board member, a successor shall be appointed by the appropriate government body. However, the incumbent member shall serve until such time as the vacancy has been filled. All vacancies shall be filled for the unexpired term.

(e) Any Board member shall be eligible for reappointment upon expiration of their term; however, no member shall serve more than two consecutive terms.

(f) Any person who shall have held an elective office within McCracken County shall not be eligible for appointment until at least one (1) year after the expiration of the term for which the appointee was elected. Except for the representatives of the legislative bodies on the Board, no employees of the City of Paducah or McCracken County shall be eligible for appointment as a member of the Board.

(g) Each appointed Board member shall be removable for "cause", which shall mean inefficiency, neglect of duty, malfeasance or conflict of interest. Any member of the Board appointed by the Mayor may be removed by the Paducah City Commission, for cause, after hearing by the Paducah City Commission, and after at least ten (10) days' notice in writing shall have been given to the member, specifying the charges against the member. The finding of the Paducah City Commission shall be final and removal results in vacancy in such office. Any member of the Board appointed by the Judge-Executive may be removed by the McCracken County Fiscal Court, for cause, after hearing by the McCracken County Fiscal Court, and after at least ten (10) days' notice in writing shall have been given to the member, specifying the charges against the member. The finding of the McCracken County Fiscal Court shall be final and removal results in vacancy

in such office. A member subjected to removal proceedings may be represented by counsel.

(h) Any appointed Board member failing to attend three (3) regularly-scheduled successive meetings, or a minimum of seventy-five percent (75%) of all meetings within a one year period, without cause acceptable and approved by the Board, shall automatically be removed from office, and the vacancy shall be filled as provided for herein.

(i) Each Board member shall be insured by the Agency against liability for acts and omissions as a member of the Board.

(j) Members of the Board shall be paid Two Hundred Dollars (\$200.00) per month and shall be reimbursed for mileage and out-of-pocket expenses for Agency business conducted outside of McCracken County.

(k) All members of the Board shall be required to comply with any applicable rules, regulations and reporting requirements established by the appropriate city or county ethics commission.

SECTION 3. Fiscal Year

The fiscal year of the Agency shall begin on July 1 of each year and end on June 30 next following.

SECTION 4. Meetings of Board; Quorum

(a) The Board shall meet no less than once per month, and may adopt rules and bylaws for the time and location of their meetings and conduct thereof.

(b) A majority of the members of the Board shall constitute a quorum, and the affirmative majority vote of a minimum of three (3) affirmative votes shall be required for the adoption of any motion, measure, or resolution.

(c) A permanent record of Board proceedings shall be maintained, and shall be available for inspection as a public record, in accordance with the procedures established in the Kentucky Open Records Act.

SECTION 5. Officers and Employees

(a) The jointly appointed member of the Board shall serve as its Chairperson during the first year, and the members of the Board

shall elect from its members a Vice Chairperson. Beginning with the second year and continuing annually thereafter, the members of the Board shall elect the Chairperson and Vice Chairperson. The Chairperson shall preside at all meetings when present, and shall call special meetings on the Chair's own motion or when requested to do so by three (3) other Board members. The Vice Chairperson shall preside at any meeting in which the Chairperson is absent.

(b) The Board shall have the power to employ, fix the compensation of, and discharge at will an Executive Director and/or Chief Engineer, and a Secretary-Treasurer. The Board, through the Executive Director, shall direct, employ, fix the compensation of, and discharge at will any employees of the Agency. The Board shall have the power to establish rules and regulations for all employees of the Agency.

(c) The Board shall require the Executive Director and/or Chief Engineer and Secretary-Treasurer to execute a bond, and may exact from such of its other officers and employees bonds as it deems expedient. All bonds shall be payable to the Agency in the sums as the Board may fix with approved corporate surety, and premiums therefor shall be paid by the Agency. The bonds shall obligate the makers thereof to faithfully perform the duties of their respective offices and positions and to fully account for and pay over all money, property, or other thing of value of the Agency, which may come into their possession, custody or control.

(d) The Board may also employ, and remove at pleasure, accountants, engineers, legal counsel, professional and technical advisors or services, experts, and other persons, skilled or unskilled, as it deems requisite for the performance of its duties.

(e) The Board shall fix the salaries and compensation of the officers and employees it engages.

(f) No person shall be hired as an employee of the Agency who is related within the third degree to the Mayor, the Judge-Executive, any member of the governing body of the city or the county, any member of the Board, the executive director and/or chief engineer, or the secretary-treasurer.

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(g) The Agency may contract with the City of Paducah or McCracken County for financial, engineering, personnel and other services it deems expedient.

SECTION 6. Merger; Agency to Take Over Existing Facilities

(a) After the Agency has organized, obtained approval of the Kentucky Public Service Commission (if required), and made all necessary arrangements to assume or refinance the debts and liabilities of the Existing Agencies, the sanitary and combined sewer facilities of the Existing Agencies shall be merged into the Agency, together with all contracts, books, maps, plans, papers and records, of whatever description pertaining to or relating to the design, construction, maintenance, operation, and affairs of the Existing Agencies, and shall thereafter be assigned, transferred, and dedicated to the use of and be in possession, and under the jurisdiction, control, and supervision of the Agency. The Existing Agencies shall also assign, transfer and convey to the Agency all property (whether real, personal or mixed), easements, equipment, inventory, accounts receivable, contracts and rights thereunder and causes of action owned by the Existing Agencies. The Agency shall thereafter have complete jurisdiction, control, possession, and supervision, of all sanitary and combined sewer systems and facilities in the City of Paducah and McCracken County.

(b) Upon establishment of the Agency, the Agency shall immediately make a determination of all existing assets, liabilities, easements, personnel, control, management, and authority of the Existing Agencies to be transferred to, and become a part of, the Agency. All Existing Agencies are expected to cooperate fully with the Agency and each Existing Agency shall promptly prepare a comprehensive list of its assets, liabilities, easements, and personnel.

(c) All personnel of the Existing Agencies shall be offered employment by the Agency, and shall retain all existing and accrued benefits, including but not limited to, wages and/or salaries, vacations, sick leave, years of service and pension investment. All employees of the Agency shall be employees at will.

(d) At such time as the transfer of assets, liabilities, easements, personnel; and authority of the Existing Agencies is complete, the Existing Agencies shall no longer retain any power or authority and shall be dissolved.

(e) In the event that the legislative bodies of the City of Paducah and the McCracken County Fiscal Court decide to dissolve the Agency, all existing assets, liabilities, easements, personnel and authority shall be distributed as stipulated in identical ordinances approved and adopted by both governing bodies.

SECTION 7. General Powers of the Agency

The Agency created under this ordinance is empowered:

(a) To have full and complete jurisdiction, control, possession, and supervision of the sanitary and combined sewer systems in McCracken County, including the maintenance, operation, reconstruction, and improvements to the same as a regional comprehensive sanitary and combined sewer system; to make additions, betterments, and extensions thereto; and to have all the privileges, and jurisdiction necessary or proper for carrying such powers into execution. No enumeration of powers shall operate to restrict the meaning of this general grant of power, or to exclude other powers comprehended within this general grant.

(b) To prepare or cause to be prepared, and to be thereafter revised and adopted, plans, designs, and estimates of costs, of a system of trunk, intercepting, connecting, lateral and outlet sewers, pumping and ventilating stations, disposal and treatment plants and works, and all other appliances and structures which in the judgment of the Board will provide an effective and advantageous means for relieving McCracken County from inadequate sanitary drainage and from inadequate sanitary disposal and treatment of the sewage thereof, and may take all steps the Board deems proper and necessary.

(c) To construct any additions, betterments and extensions to the facilities of the Agency by contract or under, through, or by means of its own officers, agents and employees.

(d) To establish, construct, operate and maintain, as a part of the sanitary sewer system of the Agency, sewage treatment and disposal plants and systems and all the appurtenances and appliances thereunto belonging. The sewage treatment and disposal plants may be located anywhere the Board deems expedient.

(e) To acquire and hold the personal property the Board deems necessary and proper for carrying out the corporate purposes of the Agency, and to dispose of personal property when the Agency has no further need therefor.

(f) To acquire by purchase, gift, lease, or by condemnation, real property or any interest, right, easement, or privilege therein, as the Board determines necessary, proper and convenient for the purposes of the Agency, and to use the same so long as the Agency's existence continues. Condemnation proceedings may be instituted in the name of the Agency pursuant to a resolution of the Board declaring the necessity for the taking, and the method of condemnation shall be the same as provided in the Eminent Domain Act of Kentucky. When the Board by resolution declares that any real property which it has acquired, or any interest therein, is no longer necessary or useful to the Agency, the real property and interest therein may be disposed of. If any property to be disposed of has been acquired by condemnation and has not been used by the Agency for the purpose condemned, the Agency shall first offer to sell the property back to the original owner for its then-existing fair market value.

(g) To make bylaws, regulations and agreements for the management and regulation of its affairs and for the regulation of the use of property under its control, including the power to establish pretreatment regulations.

(h) To make contracts and execute all instruments necessary or convenient in the premises.

(i) To recommend and initiate all user charges adequate to meet the projected revenue requirements necessary to maintain and operate the complete sanitary and combined sewer collection system

and treatment facilities in a manner that complies with federal and state requirements:

(j) To borrow money and issue negotiable revenue bonds to provide for the rights of the holders thereof, and to assume existing financial obligations of any of the Existing Agencies.

(k) To enter any lands, waters, and premises for the purpose of making surveys, soundings and examinations.

(l) To require payment by customers for wastewater service provided and tap-on fees.

(m) To discontinue service for non-payment and to make agreements with water service providers for the discontinuance of water service to delinquent customers.

(n) To approve or revise the plans and designs of all wastewater treatment facilities proposed to be constructed, altered, or reconstructed, including but not limited to, sewer lines and pump stations, by any other person or corporation, public or private, within McCracken County, in order to insure that such proposed construction, alteration, or reconstruction shall conform to, and be a part of, a comprehensive wastewater plan for McCracken County. No construction or extensions in the City of Paducah shall be started until, firstly, the City Engineer, and secondly, the Agency have approved the plans. No construction or extensions in McCracken County outside the City of Paducah shall be started until, firstly, the County Engineer, and secondly, the Agency have approved the plans. These projects shall also be subject to inspection and supervision by the Agency.

(o) To prepare a budget annually for wastewater activities, effective beginning with fiscal year July 1, 1999.

SECTION 8. Privately Constructed Sewers to be Approved

(a) Any person or corporation, public or private, in McCracken County shall submit for approval plans and designs for sanitary sewers to be constructed by written application to the Agency.

(b) An application for approval of plans or designs of sanitary sewers to be constructed shall be referred by the Agency

to the City Engineer or County Engineer, as determined by the area of jurisdiction for which the project is proposed, for approval. After approval by the appropriate engineer, the Agency shall have the right to examine, inspect and investigate the sufficiency of the proposed facilities to serve the purposes intended, and to establish and make reasonable charges for such services as may be required to make such investigation.

(c) The construction of any sanitary sewer facilities shall be subject to inspection and supervision by the Agency to assure the protection of public health and the proper completion of such facility for the purposes intended, and the Agency shall charge for such inspection and supervision on the basis of the actual cost of inspection plus a reasonable additional cost of supervision.

SECTION 9. Rates and Charges; Use of Funds of Agency; Cutting Off Sewer and Water Service to Delinquents

(a) The existing user rates and charges as established by the Existing Agencies shall be adopted by the Agency. All user rates and charges to be collected from all the real property within McCracken County served by facilities of the Agency shall remain in effect until such time as an adjustment thereof has been approved by the Paducah City Commission and McCracken County Fiscal Court. Notwithstanding the foregoing, all tap-on fees previously established by the Existing Agencies on existing sewer lines at the time the Agency is created shall not be changed. Any proposed adjustments of the schedule of rates and charges shall be recommended by the Agency at a joint meeting of the Paducah City Commission and McCracken County Fiscal Court. The Paducah City Commission and McCracken County Fiscal Court shall approve or disapprove all rate changes recommended by the Agency by majority vote of each body. Neither the Paducah City Commission nor the McCracken County Fiscal Court shall have the authority to initiate rate changes. If for any reason the Paducah City Commission and McCracken County Fiscal Court cannot agree to amendments to a rate schedule, the current schedule shall remain in effect until such time as an agreement can be reached.

The schedule of rates and charges may be based upon either:

(i) the consumption of water on premises connected with the facilities, taking into consideration commercial and industrial use of water; or

(ii) the number and kind of plumbing fixtures connected with the facilities; or

(iii) the number of persons served by the facilities; or

(iv) may be determined by the Agency on any other basis or classification which the Agency determines to be fair and reasonable, whether similar or dissimilar to those enumerated, except that the schedule shall be equitable for all residential property; or

(v) any combination thereof.

This schedule may include additional charges for treatment of sewage, with a surcharge where the sewage contains industrial waste or other waste in excess of limitations established by the regulations of the Agency.

(b) Prior to modification of the schedule of rates and charges, the Agency shall adopt a proposed schedule and publish notice thereof pursuant to KRS Chapter 424. The notice so published shall be dated as of the date of first publication thereof and shall state that the proposed or revised schedule of rates and charges will remain open for inspection in the office of the Agency for thirty (30) days from the date of the notice, and that objections thereto in writing may be filed during that period with the Agency by any person aggrieved thereby. The Board shall examine and hear any and all complaints, may modify the proposed schedule, and may recommend to the Paducah City Commission and McCracken County Fiscal Court a final schedule within sixty (60) days after the date of the notice. The schedule so adopted and established shall thereafter be the rates and charges for the use of the facilities of the Agency by users within McCracken County until changed in the manner provided herein. The schedule of rates and charges shall be established and revised from time to time so as to produce aggregate revenues to the Agency sufficient:

(i) for the payment of interest on and principal of all revenue bonds and other obligations of the Agency;

(ii) for the payment of all costs and expenses of operating and maintaining the sewer system of the Agency, including but not limited to that portion of the salaries, wages, and fees of all officers and employees of the Agency; and

(iii) for the payment of all costs of renewals and replacement of such system within McCracken County; provided, however, that all expenses, salaries, wages, and fees necessary or incident to improvements for the account of which bonds are issued or other indebtedness incurred may be included as a part of the cost of the improvements and paid from the proceeds of the bonds or other indebtedness.

The use of all monies of the Agency received from any and all sources shall be limited exclusively and devoted solely to the payment of all obligations of the Agency and no funds from any sources shall be diverted to any other purposes than those described in this ordinance.

(c) Whenever any sewer rates or charges for services rendered remain unpaid for a period of thirty (30) days after the same becomes due and payable, the Agency shall declare the property, the owner thereof, and the user of the service, delinquent until such time as all rates and charges are fully paid, and may cut off the sewer connection and service. The Agency may enter into agreements with any water company or water service, public or private, providing for the discontinuance of water service to delinquents.

SECTION 10. Power to Acquire Land

(a) The Agency shall have the power to acquire by purchase, gift, or eminent domain proceedings, the fee or such right, title, interest or easement, in such lands as may be deemed by the Agency necessary for any of the purposes mentioned in this ordinance, and any personal property necessary for the purpose of the Agency. Such lands or interests therein, or personal property may be so acquired whether or not the same are owned or held for public use by corporations, associations, or other persons having the power of

eminent domain, or otherwise held or used for public purposes. Forthwith upon the acquisition of any such fee, right, title, interest or easement, or personal property, the same shall become dedicated to the uses and purposes of the Agency.

(b) The method of condemnation of such property shall be pursuant to the Eminent Domain Act of Kentucky.

(c) When the Agency has filed a proceeding to condemn land or any interest therein, or personal property, pursuant to the provisions of the Eminent Domain Act of Kentucky, and the Board shall determine that the necessity for procuring possession of the property is urgent, it may pass a resolution, at the time that said condemnation is authorized or at any time thereafter for a declaration of taking, declaring that said lands are to be taken for the use of the Agency. Said declaration of taking shall contain, or have annexed thereto, the following:

(i) a statement of the authority under which and, the public use for which, said lands are taken;

(ii) a description of the lands taken sufficient for identification thereof;

(iii) a statement of the estate or interest in said lands taken for said public use; and

(iv) a plat showing the lands taken.

(d) At any time after the report of the Commissioners has been made, the Agency may file said declaration of taking and make a deposit with the Clerk of the Court of the sum of money stated in the award of the Commissioners appointed. Title to said lands in fee simple or such lesser estate as is specified in said declaration or to said personal property shall then vest in the Agency, and the right to just compensation for said land or interest therein or personal property shall vest in the persons entitled thereto. Said compensation shall be ascertained and awarded in said proceeding as otherwise provided in the Eminent Domain Act of Kentucky.

SECTION 11. Agency Revenue Bonds

(a) The Agency may, from time to time, issue its negotiable interest-bearing revenue bonds for any of its corporate purposes, and it may also, from time to time, issue its negotiable interest-bearing revenue bonds to refund any of its bonds at maturity or pursuant to redemption provisions, or at any time before maturity with the consent of the holders. All the bonds, including interest, are payable solely from and secured only by the revenues of the Agency realized through the collection of rates or other charges, imposed for use of the facilities of the Agency. The bonds shall be authorized by resolution of the Board and shall bear the dates, mature at the times not exceeding forty (40) years from their respective dates, bear interest at the rate or rates, or method of determining rates, payable at least annually, be in the denominations and form, either coupon or registered, carry the registration privileges, be executed in the manner, be payable in the medium of payment at the place, and be subject to the terms of redemption, with or without premium, as the resolutions provide. The bonds shall be sold at public sale for the price the Board determines.

(b) Any resolution authorizing any bonds may contain provisions which shall be a part of the contract with the holders of the bonds as to:

(i) pledging all or any part of the gross or net revenues of the Agency to secure the payment of the bonds and interest on the bonds;

(ii) the amounts to be raised in each year by rates and charges, and their use and disposition, and of any other revenues of the Agency;

(iii) the setting aside of reserves or sinking funds and their regulation and disposition;

(iv) limitations on the right of the Agency to restrict and regulate the use of its facilities;

(v) limitations on the purposes to which the proceeds of sale of any issue of bonds to be issued may be applied;

(vi) limitations on the issuance of additional bonds; and

(vii) the procedure, if any, by which the term of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent, and the manner in which the consent may be given.

(c) The bonds or other obligations of the Agency shall not constitute an obligation or indebtedness of the City of Paducah or of McCracken County and it shall be plainly stated on the face of each bond of the Agency that it has been issued under the provisions of this ordinance, and that it does not constitute an indebtedness of the City of Paducah or McCracken County. All bonds authorized may be issued without a vote of the voters and without any other proceedings or happenings of any other conditions or things than those proceedings, conditions and things described herein. The bonds shall be signed in the name of the Agency by the chairperson or vice chairperson of the Board, and attested by the signature of the secretary-treasurer.

SECTION 12. Enforcement of Rights of Bondholders

(a) In the event the Agency shall default in the payment of principal or interest on any of the revenue bonds issued pursuant to this ordinance after the said principal or interest shall become due, whether at maturity or upon call for redemption, and such default shall continue for a period of thirty (30) days, or in the event that the Agency shall default in any agreement made with the holders of the bonds, the holders of twenty percent (20%) in aggregate principal amount of the bonds then outstanding, by instrument or instruments filed in the office of the McCracken County Court Clerk and approved or acknowledged in the same manner as a deed to be recorded, may apply to a judge of the McCracken Circuit Court to appoint a trustee to represent all of the bondholders for the purposes herein provided. Upon such application the judge shall appoint a trustee and such trustee may, and upon written request of holders of twenty percent (20%) in principal amount of the bonds of the Agency then outstanding shall, (1) by mandamus or other suit, action or proceeding at law or in

equity, enforce all rights of the bondholders, including but not limited to the right to require the Agency to collect rates and other charges, adequate to carry out any agreement as to, or pledge of, the revenues of the Agency and to require the Agency and its officers to carry out any other agreement with the bondholders and to perform its and their duties; (2) bring suit upon the bonds; (3) by action or suit in equity, require the Agency to account as if it were the trustee of an express trust for the bondholders; (4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of bondholders; (5) declare all bonds due and payable, and if all defaults shall be made good then to annul such declaration and its consequences.

(b) Any such trustee shall be entitled as of right, upon application to the judge, to the appointment of a receiver, who may enter upon and take possession of the facilities of the Agency, or any part or parts thereof, and operate and maintain the same, and collect and receive all rates and charges and other revenues of the Agency, thereafter arising therefrom, in the same manner as the Agency and its officers might do, and shall deposit all monies in a separate account and apply the same in such manner as the court shall direct. In any suit, action, or proceeding, by the trustee, the fees, the counsel fees, and expenses of the trustee and of the receiver shall constitute disbursements taxable as costs. All costs and disbursements allowed by the court shall be a first charge on any revenue derived from the facilities of the Agency. Such trustee shall, in addition to the foregoing, have and possess all of the powers necessary or appropriate for the exercise of any function specifically set forth herein or incident to the general representation of the bondholders and the enforcement and protection of their rights.

SECTION 13. Apportionment of Construction Costs

(a) A resolution of the Board providing for the construction of sewerage facilities and appurtenances shall describe the nature and kind of facilities to be furnished and shall describe the particular area to be benefitted by said sewerage facilities.

(b) The costs of the sanitary sewers and appurtenances shall be assessed against the land in the benefitted area. The square foot method, the front foot method, the equivalent residential unit method, or any other equitable basis may be used for determining the assessment. No property which has been assessed for collector lines shall be reassessed for the installation or reinstallation of collector lines.

(c) The costs of property service connections from the sewer to the property line or easement line as required shall be assessed against the individual lots or tracts to which such property service connections are furnished. The costs to be assessed for the property service connections shall be fixed by regulation of the Agency based on its experience of costs for such work.

(d) All land included in the benefitted area shall be assessed, except public roadways and property owned by the city or county.

(e) When the Board determines that construction of sanitary sewers and appurtenances or property service connections at the cost of the property owner shall be necessary, the Agency shall cause its engineers to prepare complete drawings and specifications for the work and to keep same available for inspection in its offices.

(f) The actual construction work of the sanitary sewers and appurtenances shall be done by, or under the control of, the Agency. The cost of the sanitary sewers and appurtenances or property service connections shall include not only the actual construction cost and the cost of any easements required for the sewers, but also cost of surveys, designs, plans, specifications, advertising, inspection and administration; provided, however, these additional costs shall not exceed fifteen percent (15%) of the actual construction cost of the project.

(g) A lien superior to all liens except the liens for state, county, city, school and road taxes and liens prior in time for other public improvements shall exist against the respective lots or tracts of land for the cost of the sanitary sewers,

appurtenances or property service connections for apportionment as provided herein; plus interest thereon at the rate of six percent (6%) per annum.

(h) If sanitary sewers, appurtenances or property service connections are constructed as provided in the resolution, the Agency shall not be liable for the cost of the sanitary sewers, appurtenances or property service connections and shall have the right to enforce such costs against the property receiving the benefit.

(i) Upon completion and acceptance of the sewer facility constructed, the Agency shall make out all apportionment warrants for which liens are given for improvements of sewer facilities and shall immediately enter them in alphabetical order upon a register kept for that purpose. When the holder of the warrant has obtained payment, such holder shall notify the Agency and the Agency shall mark upon the register the fact of payment.

(j) The lien shall exist from the date of the apportionment warrant, but a lien shall not be valid against a purchaser for a valuable consideration without notice, unless the apportionment warrant is entered and registered within ten (10) days of its issuance.

(k) After any sewer facilities have been constructed, the Agency shall give notice by publication pursuant to KRS Chapter 424 of the costs apportioned, and the amounts assessed and levied on the various tracts of land liable for the payment.

SECTION 14. Combined Sewers

(a) All facilities in the City of Paducah that are a combination of wastewater and stormwater sewers shall be included in the assets transferred to the Agency.

(b) The Agency shall have the responsibility to maintain all combined sewer system facilities in the City of Paducah. The combined sewer system facilities visible on the surface, (such as inlets, grates, inlet throats, open-ended pipes, surface ditches, surface drainages, etc.), and the connector pipe to the combined sewer main shall be maintained by the City of Paducah.

(c) The Agency shall be responsible for compliance with all environmental regulations and requirements for combined sewer overflow established by the Commonwealth of Kentucky.

SECTION 15. Coordination of Operations with Other Agencies

(a) The Agency shall take all necessary efforts and make all necessary agreements with the City of Paducah to establish procedures for coordinating the use and operation of all flood control pump stations used when the Ohio River reaches flood stage.

(b) The facilities that constitute the City of Paducah flood control system shall not be part of the assets transferred to the Agency and shall remain the property of the City of Paducah.

(c) The Agency shall coordinate with the City of Paducah the operation of the compost facility operated by the City of Paducah and make such agreements as may be necessary for the disposal of sludge generated by the operations of the Agency.

(d) The Agency may enter into an agreement with the City of Paducah and McCracken County to provide necessary maintenance of storm sewers.

SECTION 16. Appeal Process

(a) Any entity or person, other than employees of the Agency, aggrieved by any final action of the Agency may appeal from said action to a grievance committee which shall be composed of one member of the McCracken County Fiscal Court selected by the McCracken County Fiscal Court and one member of the Paducah City Commission selected by the Paducah City Commission, and the two members thus appointed shall jointly select a third person to serve on the committee. The representatives of the legislative bodies shall not be the same representatives who are then sitting on the Board of the Agency. The aggrieved person and the Agency shall be allowed to appear before the grievance committee to state their position. The grievance committee may modify, sustain, or overrule the action taken by the Agency.

(b) Appeals by the aggrieved party shall be made in writing by filing the appeal with the Secretary-Treasurer of the Agency thirty (30) days after the decision of the Agency. All decisions

which have not been appealed within thirty (30) days shall become final.

SECTION 17. Additional Authority

McCracken County Fiscal Court and the City of Paducah, within their respective jurisdictions, shall have the authority to establish with sufficient funding, a separate and independent stormwater utility by separate ordinance, under the management and control of the Agency.

SECTION 18. Effective Date

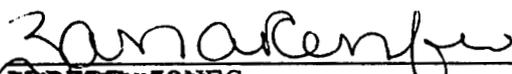
This ordinance shall become effective immediately upon passage and publication.

SECTION 19. Name of Agency

The name of the Agency shall be the "Paducah-McCracken County Sewer Agency," in which name it may act in accordance with the powers set forth in this ordinance.

INTRODUCED AND PUBLICLY READ ON FIRST READING, this the 17 day of ^{Aug.} ~~July~~, 1998.

PUBLICLY READ, ADOPTED AND APPROVED ON SECOND READING, this the 25 day of August, 1998.


~~ALBERT JONES~~ MAYOR PRO TEM
~~MAYOR OF CITY OF PADUCAH~~

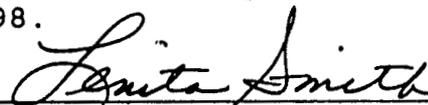
ATTEST:


LENITA SMITH, CITY CLERK

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Paducah, Kentucky, and as such City Clerk I further certify that the foregoing is a true, correct and complete copy of an Ordinance duly adopted by the Paducah City Commission on the 25th day of August, 1998, on the same occasion signed by the City Clerk as evidence of the approval thereof, and now in full force and effect, all as appears from the official records of the City in my possession and under my control.

WITNESS my hand and the Seal of the City of Paducah, as of the 25 day of August, 1998.


LENITA SMITH, CITY CLERK

(SEAL)

COMMONWEALTH OF KENTUCKY
McCRACKEN COUNTY FISCAL COURT
ORDINANCE NO. 98-3

AN ORDINANCE OF THE McCracken County Fiscal Court
ESTABLISHING A JOINT SEWER AGENCY

WHEREAS, the legislative bodies of the City of Paducah and McCracken County have established the need to provide a comprehensive wastewater collection and treatment system within McCracken County; and

WHEREAS, the legislative bodies of the City of Paducah and McCracken County have agreed that the need for the aforementioned system would best be administered by a separate legal entity; and

WHEREAS, the legislative bodies of the City of Paducah and McCracken County agree that Board appointments to this entity shall consist of representatives from both the City of Paducah and McCracken County; and

WHEREAS, the legislative bodies of the City of Paducah and McCracken County have selected a joint sewer agency to be the legal entity, as set forth in KRS 76.231, to administer and provide comprehensive wastewater services for Paducah and McCracken County; and

WHEREAS, KRS 76.231 provides for the creation of a joint sewer agency upon the enactment of identical ordinances establishing and setting out the powers of the joint sewer agency by both the legislative bodies of the City of Paducah and McCracken County; and

WHEREAS, in order to establish the joint sewer agency, the City of Paducah and McCracken County have decided to merge into the joint sewer agency Sanitation District No. 5 (Concord), Sanitation

EXHIBIT E

District No. 2 (Lone Oak), the sanitary sewer facilities and operations of Woodlawn Water and Sewer District and Reidland Water-Sewer District, and the sanitary and combined sewer facilities and operations of the City of Paducah Wastewater and Stormwater Utility Division (hereinafter "Existing Agencies").

NOW, THEREFORE, be it ordained by the City of Paducah and McCracken County Fiscal Court, jointly, as follows:

SECTION 1. Establishment of Joint Sewer Agency

In order to provide for the protection of public health, safety, and welfare of its citizens, there is hereby created and established, under and pursuant to the provisions of KRS 76.231, a joint sewer agency (hereinafter "Agency") to own, manage, control, and operate regional comprehensive wastewater facilities within McCracken County. The jurisdiction of the Agency shall include all of McCracken County, including the City of Paducah and the City of Lone Oak.

SECTION 2. Board

(a) The Agency shall be managed by a Board of Directors (hereinafter "Board") consisting of seven (7) persons, one of whom shall be a sitting member of the Paducah City Commission and elected by the Commission, one of whom shall be a sitting member of the McCracken County Fiscal Court and elected by the Fiscal Court, two (2) of whom shall be appointed by the Mayor of the City of Paducah and subject to approval of the City Commission, two (2) of whom shall be appointed by the McCracken County Judge-Executive and subject to approval of the Fiscal Court, and one (1) of whom shall

be jointly appointed by both the Mayor and the County Judge-Executive, subject to the approval of both legislative bodies.

(b) Members of the Board shall be persons of outstanding reputations for ability and integrity, shall be at least 25 years of age, a resident of McCracken County for a period of no less than three years. No person shall be appointed a member of the Board who is related within the third degree to the Mayor, the Judge-Executive, or any member of the governing body of the city or county.

(c) Initial Board appointments shall be as follows: the jointly appointed member shall serve a one (1) year term; the representatives of the McCracken County Fiscal Court and the Paducah City Commission shall serve a two (2) year term; one (1) appointment by each governing body shall serve a two (2) year term; one (1) appointment by each governing body shall serve a three (3) year term. All private sector appointments made at the conclusion of the initial term shall thereafter be for a term of four (4) years, except that the representatives of the McCracken County Fiscal Court and the Paducah City Commission shall serve two (2) year terms.

(d) In the event of a Board vacancy and also at least thirty (30) days preceding the expiration of the term of office of any appointed Board member, a successor shall be appointed by the appropriate government body. However, the incumbent member shall serve until such time as the vacancy has been filled. All vacancies shall be filled for the unexpired term.

(e) Any Board member shall be eligible for reappointment upon expiration of their term; however, no member shall serve more than two consecutive terms.

(f) Any person who shall have held an elective office within McCracken County shall not be eligible for appointment until at least one (1) year after the expiration of the term for which the appointee was elected. Except for the representatives of the legislative bodies on the Board, no employees of the City of Paducah or McCracken County shall be eligible for appointment as a member of the Board.

(g) Each appointed Board member shall be removable for "cause", which shall mean inefficiency, neglect of duty, malfeasance or conflict of interest. Any member of the Board appointed by the Mayor may be removed by the Paducah City Commission, for cause, after hearing by the Paducah City Commission, and after at least ten (10) days' notice in writing shall have been given to the member, specifying the charges against the member. The finding of the Paducah City Commission shall be final and removal results in vacancy in such office. Any member of the Board appointed by the Judge-Executive may be removed by the McCracken County Fiscal Court, for cause, after hearing by the McCracken County Fiscal Court, and after at least ten (10) days' notice in writing shall have been given to the member, specifying the charges against the member. The finding of the McCracken County Fiscal Court shall be final and removal results in vacancy

in such office. A member subjected to removal proceedings may be represented by counsel.

(h) Any appointed Board member failing to attend three (3) regularly-scheduled successive meetings, or a minimum of seventy-five percent (75%) of all meetings within a one year period, without cause acceptable and approved by the Board, shall automatically be removed from office, and the vacancy shall be filled as provided for herein.

(i) Each Board member shall be insured by the Agency against liability for acts and omissions as a member of the Board.

(j) Members of the Board shall be paid Two Hundred Dollars (\$200.00) per month and shall be reimbursed for mileage and out-of-pocket expenses for Agency business conducted outside of McCracken County.

(k) All members of the Board shall be required to comply with any applicable rules, regulations and reporting requirements established by the appropriate city or county ethics commission.

SECTION 3. Fiscal Year

The fiscal year of the Agency shall begin on July 1 of each year and end on June 30 next following.

SECTION 4. Meetings of Board; Quorum

(a) The Board shall meet no less than once per month, and may adopt rules and bylaws for the time and location of their meetings and conduct thereof.

(b) A majority of the members of the Board shall constitute a quorum, and the affirmative majority vote or a minimum of three

(3) affirmative votes shall be required for the adoption of any motion, measure, or resolution.

(c) A permanent record of Board proceedings shall be maintained, and shall be available for inspection as a public record, in accordance with the procedures established in the Kentucky Open Records Act.

SECTION 5. Officers and Employees

(a) The jointly appointed member of the Board shall serve as its Chairperson during the first year, and the members of the Board shall elect from its members a Vice Chairperson. Beginning with the second year and continuing annually thereafter, the members of the Board shall elect the Chairperson and Vice Chairperson. The Chairperson shall preside at all meetings when present, and shall call special meetings on the Chair's own motion or when requested to do so by three (3) other Board members. The Vice Chairperson shall preside at any meeting in which the Chairperson is absent.

(b) The Board shall have the power to employ, fix the compensation of, and discharge at will an Executive Director and/or Chief Engineer, and a Secretary-Treasurer. The Board, through the Executive Director, shall direct, employ, fix the compensation of, and discharge at will any employees of the Agency. The Board shall have the power to establish rules and regulations for all employees of the Agency.

(c) The Board shall require the Executive Director and/or Chief Engineer and Secretary-Treasurer to execute a bond, and may exact from such of its other officers and employees bonds as it

deems expedient. All bonds shall be payable to the Agency in the sums as the Board may fix with approved corporate surety, and premiums therefor shall be paid by the Agency. The bonds shall obligate the makers thereof to faithfully perform the duties of their respective offices and positions and to fully account for and pay over all money, property, or other thing of value of the Agency, which may come into their possession, custody or control.

(d) The Board may also employ, and remove at pleasure, accountants, engineers, legal counsel, professional and technical advisors or services, experts, and other persons, skilled or unskilled, as it deems requisite for the performance of its duties.

(e) The Board shall fix the salaries and compensation of the officers and employees it engages.

(f) No person shall be hired as an employee of the Agency who is related within the third degree to the Mayor, the Judge-Executive, any member of the governing body of the city or the county, any member of the Board, the executive director and/or chief engineer, or the secretary-treasurer.

(g) The Agency may contract with the City of Paducah or McCracken County for financial, engineering, personnel and other services it deems expedient.

SECTION 6. Merger; Agency to Take Over Existing Facilities

(a) After the Agency has organized, obtained approval of the Kentucky Public Service Commission (if required), and made all necessary arrangements to assume or refinance the debts and liabilities of the Existing Agencies, the sanitary and combined

sewer facilities of the Existing Agencies shall be merged into the Agency, together with all contracts, books, maps, plans, papers and records, of whatever description pertaining to or relating to the design, construction, maintenance, operation, and affairs of the Existing Agencies, and shall thereafter be assigned, transferred, and dedicated to the use of and be in possession, and under the jurisdiction, control, and supervision of the Agency. The Existing Agencies shall also assign, transfer and convey to the Agency all property (whether real, personal or mixed), easements, equipment, inventory, accounts receivable, contracts and rights thereunder and causes of action owned by the Existing Agencies. The Agency shall thereafter have complete jurisdiction, control, possession, and supervision, of all sanitary and combined sewer systems and facilities in the City of Paducah and McCracken County.

(b) Upon establishment of the Agency, the Agency shall immediately make a determination of all existing assets, liabilities, easements, personnel, control, management, and authority of the Existing Agencies to be transferred to, and become a part of, the Agency. All Existing Agencies are expected to cooperate fully with the Agency and each Existing Agency shall promptly prepare a comprehensive list of its assets, liabilities, easements, and personnel.

(c) All personnel of the Existing Agencies shall be offered employment by the Agency, and shall retain all existing and accrued benefits, including but not limited to, wages and/or salaries,

vacations, sick leave, years of service and pension investment. All employees of the Agency shall be employees at will.

(d) At such time as the transfer of assets, liabilities, easements, personnel, and authority of the Existing Agencies is complete, the Existing Agencies shall no longer retain any power or authority and shall be dissolved.

(e) In the event that the legislative bodies of the City of Paducah and the McCracken County Fiscal Court decide to dissolve the Agency, all existing assets, liabilities, easements, personnel and authority shall be distributed as stipulated in identical ordinances approved and adopted by both governing bodies.

SECTION 7. General Powers of the Agency

The Agency created under this ordinance is empowered:

(a) To have full and complete jurisdiction, control, possession, and supervision of the sanitary and combined sewer systems in McCracken County, including the maintenance, operation, reconstruction, and improvements to the same as a regional comprehensive sanitary and combined sewer system; to make additions, betterments, and extensions thereto; and to have all the privileges, and jurisdiction necessary or proper for carrying such powers into execution. No enumeration of powers shall operate to restrict the meaning of this general grant of power, or to exclude other powers comprehended within this general grant.

(b) To prepare or cause to be prepared, and to be thereafter revised and adopted, plans, designs, and estimates of costs, of a system of trunk, intercepting, connecting, lateral and outlet

sewers, pumping and ventilating stations, disposal and treatment plants and works, and all other appliances and structures which in the judgment of the Board will provide an effective and advantageous means for relieving McCracken County from inadequate sanitary drainage and from inadequate sanitary disposal and treatment of the sewage thereof, and may take all steps the Board deems proper and necessary.

(c) To construct any additions, betterments and extensions to the facilities of the Agency by contract or under, through, or by means of its own officers, agents and employees.

(d) To establish, construct, operate and maintain, as a part of the sanitary sewer system of the Agency, sewage treatment and disposal plants and systems and all the appurtenances and appliances thereunto belonging. The sewage treatment and disposal plants may be located anywhere the Board deems expedient.

(e) To acquire and hold the personal property the Board deems necessary and proper for carrying out the corporate purposes of the Agency, and to dispose of personal property when the Agency has no further need therefor.

(f) To acquire by purchase, gift, lease, or by condemnation, real property or any interest, right, easement, or privilege therein, as the Board determines necessary, proper and convenient for the purposes of the Agency, and to use the same so long as the Agency's existence continues. Condemnation proceedings may be instituted in the name of the Agency pursuant to a resolution of the Board declaring the necessity for the taking, and the method of

condemnation shall be the same as provided in the Eminent Domain Act of Kentucky. When the Board by resolution declares that any real property which it has acquired, or any interest therein, is no longer necessary or useful to the Agency, the real property and interest therein may be disposed of. If any property to be disposed of has been acquired by condemnation and has not been used by the Agency for the purpose condemned, the Agency shall first offer to sell the property back to the original owner for its then-existing fair market value.

(g) To make bylaws, regulations and agreements for the management and regulation of its affairs and for the regulation of the use of property under its control, including the power to establish pretreatment regulations.

(h) To make contracts and execute all instruments necessary or convenient in the premises.

(i) To recommend and initiate all user charges adequate to meet the projected revenue requirements necessary to maintain and operate the complete sanitary and combined sewer collection system and treatment facilities in a manner that complies with federal and state requirements.

(j) To borrow money and issue negotiable revenue bonds to provide for the rights of the holders thereof, and to assume existing financial obligations of any of the Existing Agencies.

(k) To enter any lands, waters, and premises for the purpose of making surveys, soundings and examinations.

(l) To require payment by customers for wastewater service provided and tap-on fees.

(m) To discontinue service for non-payment and to make agreements with water service providers for the discontinuance of water service to delinquent customers.

(n) To approve or revise the plans and designs of all wastewater treatment facilities proposed to be constructed, altered, or reconstructed, including but not limited to, sewer lines and pump stations, by any other person or corporation, public or private, within McCracken County, in order to insure that such proposed construction, alteration, or reconstruction shall conform to, and be a part of, a comprehensive wastewater plan for McCracken County. No construction or extensions in the City of Paducah shall be started until, firstly, the City Engineer, and secondly, the Agency have approved the plans. No construction or extensions in McCracken County outside the City of Paducah shall be started until, firstly, the County Engineer, and secondly, the Agency have approved the plans. These projects shall also be subject to inspection and supervision by the Agency.

(o) To prepare a budget annually for wastewater activities, effective beginning with fiscal year July 1, 1999.

SECTION 8. Privately Constructed Sewers to be Approved

(a) Any person or corporation, public or private, in McCracken County shall submit for approval plans and designs for sanitary sewers to be constructed by written application to the Agency.

(b) An application for approval of plans or designs of sanitary sewers to be constructed shall be referred by the Agency to the City Engineer or County Engineer, as determined by the area of jurisdiction for which the project is proposed, for approval. After approval by the appropriate engineer, the Agency shall have the right to examine, inspect and investigate the sufficiency of the proposed facilities to serve the purposes intended, and to establish and make reasonable charges for such services as may be required to make such investigation.

(c) The construction of any sanitary sewer facilities shall be subject to inspection and supervision by the Agency to assure the protection of public health and the proper completion of such facility for the purposes intended, and the Agency shall charge for such inspection and supervision on the basis of the actual cost of inspection plus a reasonable additional cost of supervision.

SECTION 9. Rates and Charges; Use of Funds of Agency; Cutting Off Sewer and Water Service to Delinquents

(a) The existing user rates and charges as established by the Existing Agencies shall be adopted by the Agency. All user rates and charges to be collected from all the real property within McCracken County served by facilities of the Agency shall remain in effect until such time as an adjustment thereof has been approved by the Paducah City Commission and McCracken County Fiscal Court. Notwithstanding the foregoing, all tap-on fees previously established by the Existing Agencies on existing sewer lines at the time the Agency is created shall not be changed. Any proposed

adjustments of the schedule of rates and charges shall be recommended by the Agency at a joint meeting of the Paducah City Commission and McCracken County Fiscal Court. The Paducah City Commission and McCracken County Fiscal Court shall approve or disapprove all rate changes recommended by the Agency by majority vote of each body. Neither the Paducah City Commission nor the McCracken County Fiscal Court shall have the authority to initiate rate changes. If for any reason the Paducah City Commission and McCracken County Fiscal Court cannot agree to amendments to a rate schedule, the current schedule shall remain in effect until such time as an agreement can be reached.

The schedule of rates and charges may be based upon either:

(i) the consumption of water on premises connected with the facilities, taking into consideration commercial and industrial use of water; or

(ii) the number and kind of plumbing fixtures connected with the facilities; or

(iii) the number of persons served by the facilities; or

(iv) may be determined by the Agency on any other basis or classification which the Agency determines to be fair and reasonable, whether similar or dissimilar to those enumerated, except that the schedule shall be equitable for all residential property; or

(v) any combination thereof.

This schedule may include additional charges for treatment of sewage, with a surcharge where the sewage contains industrial waste

or other waste in excess of limitations established by the regulations of the Agency.

(b) Prior to modification of the schedule of rates and charges, the Agency shall adopt a proposed schedule and publish notice thereof pursuant to KRS Chapter 424. The notice so published shall be dated as of the date of first publication thereof and shall state that the proposed or revised schedule of rates and charges will remain open for inspection in the office of the Agency for thirty (30) days from the date of the notice, and that objections thereto in writing may be filed during that period with the Agency by any person aggrieved thereby. The Board shall examine and hear any and all complaints, may modify the proposed schedule, and may recommend to the Paducah City Commission and McCracken County Fiscal Court a final schedule within sixty (60) days after the date of the notice. The schedule so adopted and established shall thereafter be the rates and charges for the use of the facilities of the Agency by users within McCracken County until changed in the manner provided herein. The schedule of rates and charges shall be established and revised from time to time so as to produce aggregate revenues to the Agency sufficient:

(i) for the payment of interest on and principal of all revenue bonds and other obligations of the Agency;

(ii) for the payment of all costs and expenses of operating and maintaining the sewer system of the Agency, including but not limited to that portion of the salaries, wages, and fees of all officers and employees of the Agency; and

(iii) for the payment of all costs of renewals and replacement of such system within McCracken County; provided, however, that all expenses, salaries, wages, and fees necessary or incident to improvements for the account of which bonds are issued or other indebtedness incurred may be included as a part of the cost of the improvements and paid from the proceeds of the bonds or other indebtedness.

The use of all monies of the Agency received from any and all sources shall be limited exclusively and devoted solely to the payment of all obligations of the Agency and no funds from any sources shall be diverted to any other purposes than those described in this ordinance.

(c) Whenever any sewer rates or charges for services rendered remain unpaid for a period of thirty (30) days after the same becomes due and payable, the Agency shall declare the property, the owner thereof, and the user of the service, delinquent until such time as all rates and charges are fully paid, and may cut off the sewer connection and service. The Agency may enter into agreements with any water company or water service, public or private, providing for the discontinuance of water service to delinquents.

SECTION 10. Power to Acquire Land

(a) The Agency shall have the power to acquire by purchase, gift, or eminent domain proceedings, the fee or such right, title, interest or easement, in such lands as may be deemed by the Agency necessary for any of the purposes mentioned in this ordinance, and any personal property necessary for the purpose of the Agency.

Such lands or interests therein, or personal property may be so acquired whether or not the same are owned or held for public use by corporations, associations, or other persons having the power of eminent domain, or otherwise held or used for public purposes. Forthwith upon the acquisition of any such fee, right, title, interest or easement, or personal property, the same shall become dedicated to the uses and purposes of the Agency.

(b) The method of condemnation of such property shall be pursuant to the Eminent Domain Act of Kentucky.

(c) When the Agency has filed a proceeding to condemn land or any interest therein, or personal property, pursuant to the provisions of the Eminent Domain Act of Kentucky, and the Board shall determine that the necessity for procuring possession of the property is urgent, it may pass a resolution, at the time that said condemnation is authorized or at any time thereafter for a declaration of taking, declaring that said lands are to be taken for the use of the Agency. Said declaration of taking shall contain, or have annexed thereto, the following:

(i) a statement of the authority under which and, the public use for which, said lands are taken;

(ii) a description of the lands taken sufficient for identification thereof;

(iii) a statement of the estate or interest in said lands taken for said public use; and

(iv) a plat showing the lands taken.

(d) At any time after the report of the Commissioners has been made, the Agency may file said declaration of taking and make a deposit with the Clerk of the Court of the sum of money stated in the award of the Commissioners appointed. Title to said lands in fee simple or such lesser estate as is specified in said declaration or to said personal property shall then vest in the Agency, and the right to just compensation for said land or interest therein or personal property shall vest in the persons entitled thereto. Said compensation shall be ascertained and awarded in said proceeding as otherwise provided in the Eminent Domain Act of Kentucky.

SECTION 11. Agency Revenue Bonds

(a) The Agency may, from time to time, issue its negotiable interest-bearing revenue bonds for any of its corporate purposes, and it may also, from time to time, issue its negotiable interest-bearing revenue bonds to refund any of its bonds at maturity or pursuant to redemption provisions, or at any time before maturity with the consent of the holders. All the bonds, including interest, are payable solely from and secured only by the revenues of the Agency realized through the collection of rates or other charges, imposed for use of the facilities of the Agency. The bonds shall be authorized by resolution of the Board and shall bear the dates, mature at the times not exceeding forty (40) years from their respective dates, bear interest at the rate or rates, or method of determining rates, payable at least annually, be in the denominations and form, either coupon or registered, carry the

registration privileges, be executed in the manner, be payable in the medium of payment at the place, and be subject to the terms of redemption, with or without premium, as the resolutions provide. The bonds shall be sold at public sale for the price the Board determines.

(b) Any resolution authorizing any bonds may contain provisions which shall be a part of the contract with the holders of the bonds as to:

(i) pledging all or any part of the gross or net revenues of the Agency to secure the payment of the bonds and interest on the bonds;

(ii) the amounts to be raised in each year by rates and charges, and their use and disposition, and of any other revenues of the Agency;

(iii) the setting aside of reserves or sinking funds and their regulation and disposition;

(iv) limitations on the right of the Agency to restrict and regulate the use of its facilities;

(v) limitations on the purposes to which the proceeds of sale of any issue of bonds to be issued may be applied;

(vi) limitations on the issuance of additional bonds; and

(vii) the procedure, if any, by which the term of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent, and the manner in which the consent may be given.

(c) The bonds or other obligations of the Agency shall not constitute an obligation or indebtedness of the City of Paducah or of McCracken County and it shall be plainly stated on the face of each bond of the Agency that it has been issued under the provisions of this ordinance, and that it does not constitute an indebtedness of the City of Paducah or McCracken County. All bonds authorized may be issued without a vote of the voters and without any other proceedings or happenings of any other conditions or things than those proceedings, conditions and things described herein. The bonds shall be signed in the name of the Agency by the chairperson or vice chairperson of the Board, and attested by the signature of the secretary-treasurer.

SECTION 12. Enforcement of Rights of Bondholders

(a) In the event the Agency shall default in the payment of principal or interest on any of the revenue bonds issued pursuant to this ordinance after the said principal or interest shall become due, whether at maturity or upon call for redemption, and such default shall continue for a period of thirty (30) days, or in the event that the Agency shall default in any agreement made with the holders of the bonds, the holders of twenty percent (20%) in aggregate principal amount of the bonds then outstanding, by instrument or instruments filed in the office of the McCracken County Court Clerk and approved or acknowledged in the same manner as a deed to be recorded, may apply to a judge of the McCracken Circuit Court to appoint a trustee to represent all of the bondholders for the purposes herein provided. Upon such

application the judge shall appoint a trustee and such trustee may, and upon written request of holders of twenty percent (20%) in principal amount of the bonds of the Agency then outstanding shall, (1) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the bondholders, including but not limited to the right to require the Agency to collect rates and other charges, adequate to carry out any agreement as to, or pledge of, the revenues of the Agency and to require the Agency and its officers to carry out any other agreement with the bondholders and to perform its and their duties; (2) bring suit upon the bonds; (3) by action or suit in equity, require the Agency to account as if it were the trustee of an express trust for the bondholders; (4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of bondholders; (5) declare all bonds due and payable, and if all defaults shall be made good then to annul such declaration and its consequences.

(b) Any such trustee shall be entitled as of right, upon application to the judge, to the appointment of a receiver, who may enter upon and take possession of the facilities of the Agency, or any part or parts thereof, and operate and maintain the same, and collect and receive all rates and charges and other revenues of the Agency, thereafter arising therefrom, in the same manner as the Agency and its officers might do, and shall deposit all monies in a separate account and apply the same in such manner as the court shall direct. In any suit, action, or proceeding, by the trustee, the fees, the counsel fees, and expenses of the trustee and of the

receiver shall constitute disbursements taxable as costs. All costs and disbursements allowed by the court shall be a first charge on any revenue derived from the facilities of the Agency. Such trustee shall, in addition to the foregoing, have and possess all of the powers necessary or appropriate for the exercise of any function specifically set forth herein or incident to the general representation of the bondholders and the enforcement and protection of their rights.

SECTION 13. Apportionment of Construction Costs

(a) A resolution of the Board providing for the construction of sewerage facilities and appurtenances shall describe the nature and kind of facilities to be furnished and shall describe the particular area to be benefitted by said sewerage facilities.

(b) The costs of the sanitary sewers and appurtenances shall be assessed against the land in the benefitted area. The square foot method, the front foot method, the equivalent residential unit method, or any other equitable basis may be used for determining the assessment. No property which has been assessed for collector lines shall be reassessed for the installation or reinstallation of collector lines.

(c) The costs of property service connections from the sewer to the property line or easement line as required shall be assessed against the individual lots or tracts to which such property service connections are furnished. The costs to be assessed for the property service connections shall be fixed by regulation of the Agency based on its experience of costs for such work.

(d) All land included in the benefitted area shall be assessed, except public roadways and property owned by the city or county.

(e) When the Board determines that construction of sanitary sewers and appurtenances or property service connections at the cost of the property owner shall be necessary, the Agency shall cause its engineers to prepare complete drawings and specifications for the work and to keep same available for inspection in its offices.

(f) The actual construction work of the sanitary sewers and appurtenances shall be done by, or under the control of, the Agency. The cost of the sanitary sewers and appurtenances or property service connections shall include not only the actual construction cost and the cost of any easements required for the sewers, but also cost of surveys, designs, plans, specifications, advertising, inspection and administration; provided, however, these additional costs shall not exceed fifteen percent (15%) of the actual construction cost of the project.

(g) A lien superior to all liens except the liens for state, county, city, school and road taxes and liens prior in time for other public improvements shall exist against the respective lots or tracts of land for the cost of the sanitary sewers, appurtenances or property service connections for apportionment as provided herein, plus interest thereon at the rate of six percent (6%) per annum.

(h) If sanitary sewers, appurtenances or property service connections are constructed as provided in the resolution, the Agency shall not be liable for the cost of the sanitary sewers, appurtenances or property service connections and shall have the right to enforce such costs against the property receiving the benefit.

(i) Upon completion and acceptance of the sewer facility constructed, the Agency shall make out all apportionment warrants for which liens are given for improvements of sewer facilities and shall immediately enter them in alphabetical order upon a register kept for that purpose. When the holder of the warrant has obtained payment, such holder shall notify the Agency and the Agency shall mark upon the register the fact of payment.

(j) The lien shall exist from the date of the apportionment warrant, but a lien shall not be valid against a purchaser for a valuable consideration without notice, unless the apportionment warrant is entered and registered within ten (10) days of its issuance.

(k) After any sewer facilities have been constructed, the Agency shall give notice by publication pursuant to KRS Chapter 424 of the costs apportioned, and the amounts assessed and levied on the various tracts of land liable for the payment.

SECTION 14. Combined Sewers

(a) All facilities in the City of Paducah that are a combination of wastewater and stormwater sewers shall be included in the assets transferred to the Agency.

(b) The Agency shall have the responsibility to maintain all combined sewer system facilities in the City of Paducah. The combined sewer system facilities visible on the surface, (such as inlets, grates, inlet throats, open-ended pipes, surface ditches, surface drainages, etc.), and the connector pipe to the combined sewer main shall be maintained by the City of Paducah.

(c) The Agency shall be responsible for compliance with all environmental regulations and requirements for combined sewer overflow established by the Commonwealth of Kentucky.

SECTION 15. Coordination of Operations with Other Agencies

(a) The Agency shall take all necessary efforts and make all necessary agreements with the City of Paducah to establish procedures for coordinating the use and operation of all flood control pump stations used when the Ohio River reaches flood stage.

(b) The facilities that constitute the City of Paducah flood control system shall not be part of the assets transferred to the Agency and shall remain the property of the City of Paducah.

(c) The Agency shall coordinate with the City of Paducah the operation of the compost facility operated by the City of Paducah and make such agreements as may be necessary for the disposal of sludge generated by the operations of the Agency.

(d) The Agency may enter into an agreement with the City of Paducah and McCracken County to provide necessary maintenance of storm sewers.

SECTION 16. Appeal Process

(a) Any entity or person, other than employees of the Agency, aggrieved by any final action of the Agency may appeal from said action to a grievance committee which shall be composed of one member of the McCracken County Fiscal Court selected by the McCracken County Fiscal Court and one member of the Paducah City Commission selected by the Paducah City Commission, and the two members thus appointed shall jointly select a third person to serve on the committee. The representatives of the legislative bodies shall not be the same representatives who are then sitting on the Board of the Agency. The aggrieved person and the Agency shall be allowed to appear before the grievance committee to state their position. The grievance committee may modify, sustain, or overrule the action taken by the Agency.

(b) Appeals by the aggrieved party shall be made in writing by filing the appeal with the Secretary-Treasurer of the Agency thirty (30) days after the decision of the Agency. All decisions which have not been appealed within thirty (30) days shall become final.

SECTION 17. Additional Authority

McCracken County Fiscal Court and the City of Paducah, within their respective jurisdictions, shall have the authority to establish with sufficient funding, a separate and independent stormwater utility by separate ordinance, under the management and control of the Agency.

SECTION 18. Effective Date

This ordinance shall become effective immediately upon passage and publication.

SECTION 19. Name of Agency

The name of the Agency shall be the "Paducah-McCracken County Sewer Agency," in which name it may act in accordance with the powers set forth in this ordinance.

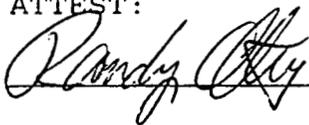
INTRODUCED AND PUBLICLY READ ON FIRST READING, this the 17th
August
day of ~~July~~, 1998.

PUBLICLY READ, ADOPTED AND APPROVED ON SECOND READING, this
September
the 14th day of ~~August~~, 1998.



DANNY ORAZINE
McCRACKEN COUNTY JUDGE-EXECUTIVE

ATTEST:



McCRACKEN COUNTY COURT CLERK

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting McCracken County Court Clerk, McCracken County, Kentucky, and as such McCracken County Court Clerk I further certify that the foregoing is a true, correct and complete copy of an Ordinance duly adopted by the Fiscal Court of the County of McCracken, Kentucky, on the 14th day of September, 1998, on the same occasion signed by the McCracken County Court Clerk as evidence of the approval thereof, and now in full force and effect, all as appears from the official records of the County in my possession and under my control.

WITNESS my hand and the Seal of the County of McCracken, as of the 15 day of Sept, 1998.



MCCRACKEN COUNTY COURT CLERK

(SEAL)